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A B S T R A C T

The Deccan Riots of 1875 were believed to have been brought about by the large scale transfer of land, through foreclosure, from the cultivating to the money-lending classes. As a remedy, Sir William Wedderburn suggested the establishment of State-backed capitalistic agricultural banks. But the India Office felt that his scheme would require too much State intervention. The Indian Co-operative Societies Act reflects a more positive attitude to the rôle of the State, although in 1904 it was hoped that the societies which were to be set up by official 'Registrars' would eventually become entirely independent. Local management and thrift were emphasized. The alternative scheme of agricultural banks remained under consideration, however. The Government of India appear to have dismissed it only when the Egyptian Agricultural Bank did not succeed; what became the non-official Bombay Provincial Co-operative Bank was originally intended to be an agricultural bank.

The fostering of democracy through village co-operatives was especially stressed in Bombay. Also, Indian 'Honorary Organizers', and a 'Co-operative Institute', were given an important rôle in the movement, although much of the initiative remained with the Registrar and his staff. By the later twenties, however, the attempt to foster democracy at village level through co-operatives appeared to have largely failed: villages in Bombay were not 'little Republics'. The

honorary workers, many of them now nationalists, were becoming dilettante in their attitudes to co-operation, too. Control therefore increasingly passed into the hands of the State. But at the purely economic level there had been some success in Bombay. The well-managed Provincial Bank was in some areas satisfactorily fulfilling the ryots' credit and marketing needs, although its system of branches, each having dependent societies, was perhaps not completely co-operative.

The thesis has been largely based on documents found in the office of the Bombay Registrar, and elsewhere in India.

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P R E F A C E

This thesis originated in an interest in the co-operative movement in the India of today. Because I am by training an historian I was soon led to enquire into the problems which the Indian co-operative movement has faced in the past. Gradually, an almost completely new field of investigation revealed itself. For, in the story of the relationships between the British dominated Governments and the co-operative movement which they fostered amongst the people of India, there is reflected, in miniature, many of the changing attitudes towards state intervention in economic matters during half a century of India's more recent past. So this thesis is to some extent an essay in economic and administrative history. But it is also very much a study of personal relationships. The interaction of 'state' and 'co-operative movement' before Independence meant fundamentally the interaction of personalities, some well known and some virtually unknown. It meant the interaction of British and Indian officials, and Indian and occasionally British non-officials, on a level of intimacy rarely reached in other fields at this time, even in 'local self-government'.

Because of the need to set limits to my investigations, and because I have a belief in the value of local and regional studies in history, I decided to concentrate on agricultural co-operatives in the Bombay Presidency, and on the period from 1904 to 1930. I do not discuss developments

in Sind. Conditions there were much closer to those of the Punjab than to those of what was called 'the Presidency proper'. 1930 was chosen as a terminal point partly for reasons of availability of documents, and partly because that date represents, approximately, the onset of the full force of the economic depression, and the end of an era in Indian economic history. Some attention has been given to developments before the passing of the first Co-operative Societies Act in 1904, particularly in Bombay, because of the bearing these had on later policy.

It would be wrong to dismiss as unimportant the work which has been done on this subject before. The brief historical chapters in Dr. K.N. Naik's The Co-operative Movement in the Bombay State have been described by a retired Indian Registrar of Co-operative Societies, Shri V.S. Bhide, as 'overcharged with emotion' in their 'patriotic eagerness to castigate a foreign regime'.¹ But the historical chapters in the book which Dr. Naik edited on the occasion of the fiftieth anniversary of the founding of the movement in Bombay, are more moderate in tone, and contain some useful information.² The Bombay Government also published a volume to mark the fiftieth anniversary of the movement. N.V. Nayak's Fifty Years of Co-operation in the Bombay State is a painstaking study, which, however, concentrates on the

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1. K.N. Naik, The Co-operative Movement in the Bombay State, Bombay, 1953, reviewed by V.S. Bhide in Bombay Co-operative Quarterly, July 1953, pp.33-38.
 2. K.N. Naik, ed., Fifty Years of Co-operation: Golden Jubilee Souvenir, Bombay, 1954.

period after the depression of the thirties.¹ In fact, none of these books deals with the period before 1930 at any length, and none contains a discussion of the vital period prior to 1904. The authors of these books have made little use of much of the material which was put at my disposal by the Bombay Government during my visit to India. Inevitably, perhaps, they do not feel the need to explain the social background of the co-operative movement; it is already largely known to these authors and their readers simply because they are Indian. On the whole they are not interested in personalities.

To some extent the nature of the thesis has been conditioned by the availability of documents. The Bombay Government, (I am speaking of the Government of the undivided Bombay of 1958-59), generously undertook to give me 'all reasonable facilities' to study the records kept at the Office of the Registrar of Co-operative Societies, Poona, for the period 1904-1930. They very reasonably added the proviso that 'it may not be possible to make available to you the confidential documents in the Department.' Actually, very few restrictions were placed on my studies. Those papers which I was not allowed to see generally related in some way to the national movement, or to the influence on the co-operative movement of caste animosities and of government policy on caste. In one case I was not given

1. N.V. Nayak, Fifty Years of Co-operation in the Bombay State, Bombay, 1957.

access to certain papers because they had a direct bearing on legislation then under preparation. Of the records kept in the Bombay Secretariat Records Office I have been permitted to study, though not always to make full notes on, those relating to the co-operative movement up to the year 1914. The National Archives of India made available relevant non-confidential records of 1914 and the preceding years. After I had returned to England the Punjab Records Office kindly sent me a typescript of some Government of India records of 1914 now in their possession.

The access to records which I was granted could obviously be only to those which have survived. For reasons which are explained in detail in the Bibliography, the period prior to about 1920 is better represented in the Poona records than the following decade. For the years after 1920 I have been able to rely to some extent on the records of the Bombay State Co-operative Bank. But, because of lack of material, I have been able to develop a few points in the final chapters perhaps slightly less fully than I might otherwise have wished.

I have been treated with the greatest fairness and friendliness in all my dealings with officials in India, in records offices and in the field; I could not have wished for greater co-operation.

In England I have worked on records kept in the old India Office Library of the Commonwealth Relations Office,

the Bodleian Library, Oxford, the Society for the Propagation of the Gospel Archives, and the Horace Plunkett Foundation, London. I should like to thank the staffs of these institutions for their assistance.

A large number of people individually come to mind as I consider the making of this thesis. I have given a list at the end of the thesis of those who have been of particular assistance. But I must express here my deep appreciation of the help given me in India by Shri B.C. Cariappa, I.A.S., Deputy Secretary to the (then) Government of Bombay in the Industries and Co-operation Department, Dr. A.U. Shaikh, I.A.S., Registrar of Co-operative Societies, Professor D.R. Gadgil, Director of the Gokhale Institute of Politics and Economics, Poona, and Dr. R.G. Kakade, a member of the Servants of India Society. Without the co-operation of Shri Cariappa, in particular, the writing of this thesis would have been almost impossible.

Of those who figure in the thesis, and whom I have interviewed, I should especially like to mention Sir Robert Ewbank, who was Registrar between 1911 and 1920. He has given me sympathetic advice on many points, and I have discussed his long period as Registrar with him in some detail. I have also had several most helpful discussions with Shri Vaikunth L. Mehta, who was for many years the Managing Director of what is now the Bombay State Co-operative Bank, and who is still the leading non-official in the

co-operative movement in Bombay. I, of course, am responsible for opinions expressed in the thesis. 'The events covered in this book', writes Dr. Gopal in the Preface to his study of Lord Irwin's Viceroyalty, 'are now as much a part of history as, say, the Norman Conquest. Contemporaneity is a matter of mood as well as of time'.¹ I should like to think that I could make the same claim on behalf of the events covered in my thesis. Yet actually meeting some of the men about whom one is writing perhaps increases the risk of partiality in an historian. Meeting those whose decisions one may on occasion have to criticize certainly teaches one humility. In writing this thesis I have often been reminded of Professor Butterfield's complaint that he has known many students who could easily find fault with the diplomacy of Bismarck, but who themselves were quite incapable of wheedling sixpence out of a college porter.² I hope I have not treated anyone completely unjustly.

My studies have been carried out during my tenure of the Gordon Watson Scholarship, awarded by the University of New Zealand. I am indebted to the University for being thus permitted to spend three most profitable years in India and in this country.

My supervisor, Dr. K.A. Ballhatchet, has spent much

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1. S. Gopal, The Viceroyalty of Lord Irwin, 1926-1931. (1957).
 2. Herbert Butterfield, 'The Dangers of History', in History and Human Relations, p.169.

time on my problems and my manuscript; I am most grateful to him for his sympathetic guidance. Mrs. Margaret Morris has very capably typed the final version of the thesis. My wife typed most of the penultimate draft, and has helped in many other ways.

I

C H A N G I N G A T T I T U D E S

I: A G R I C U L T U R A L B A N K S

The course of the 'Deccan Riots' of May 1875 has never been fully traced. Until Indian peasant history finds its Lefebvre we will probably have little more to go upon than the Report of the governmental Committee which investigated the riots, and the evidence gathered by that Committee.¹ Fortunately, the Committee's Report was a model for its time.

It appears that hostility against the money-lenders had been growing in the Deccan in the years preceding the riots. The first outbreak of actual rioting took place in the village of Supa, in the Bhimthadi taluka. There, the houses and the shops of the Marwaris were 'guttled of everything that the rioters could find',² and one house was burnt to the ground. Twenty four hours later there was a similar disturbance in another village, fourteen miles away. Police and army units arrived in time to avert a good many of the outbreaks which, it was claimed, were threatened in the days following the first disturbances. In all, only about thirty villages in the two districts of Poona and Ahmadnagar were affected.

Yet the authorities admitted that they found great

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1. Report of the Committee on the Riots in Poona and Ahmednagar, 1875. The Committee was often referred to as the 'Deccan Riots Commission', and its report as the 'Deccan Riots Report', by which it will be referred to hereafter in this thesis.
 2. Ibid., p.3.

difficulty in obtaining evidence against the rioters: 'the whole country appears to be in league against the money lenders', wrote the Collector of Poona.¹ The object of the riots in almost all the villages had been simply to obtain and destroy the written bonds held by the money-lenders. The wrath of the villagers had been directed chiefly against the Marwari and Gujur saukars, foreigners to the Deccan. The Maharashtrian Brahman money-lenders, far fewer in numbers, were usually left alone.² One of the most pathetic of the ideas which the Committee found to be prevalent at the time of the riots was the notion that Government - sometimes the Queen in person - was going to do something for them, that Government was on their side.³

The nature of the riots themselves, undertaken as they were in a spirit of righteousness, and directed as they were against a specific object - the money-lenders' bonds - convinced the Committee that there was a serious grievance in the Deccan: 'the condition of the villagers through [out] the whole affected area was such that even had Supa not taken the initiative, some other place would doubtless have done so'.⁴ A detailed analysis of the causes of the riots was obviously called for.

1. Collr. Poona to Police Commr., S.D. No.736 of 20 May 1875, quoted Deccan Riots Rept., Appx. C., p.2.

2. Deccan Riots Rept., p.5.

3. Ibid., p.105. Cf. Georges Lefebvre, The Coming of the French Revolution, transl. R.R.Palmer, (Vintage Books edn., New York, 1957), p.125.

4. Deccan Riots Rept., p.3.

East of Poona lies the great famine belt, an area which suffers from very frequent failure or partial failure of crops. The chances of obtaining a 'reasonably good' crop in this area, it was later calculated, are only about fifty four in a hundred; the chances of failure are about twenty in a hundred.¹ If only because of the unreliability of the monsoon, for centuries before the British arrived the ryots had been in debt and the interest rates of the money-lenders, uncertain about the time of repayment of their loans, had been very high. Chaplin, the first Commissioner in the Deccan, had commented on the situation.² There seems little doubt, however, that the British upset the traditional pattern of money-lending. Land had rarely been taken as security for a loan before they arrived; for one thing, only mirasdar occupants had any 'transferable' rights to land.³ The traditional method of dunning a recalcitrant debtor was to sit dharna at his door. Even as late as 1840 the land had little marketable value and few sales of land were made.⁴ But the settlement of

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1. See Evidence of Dr. Harold Mann, Royal Commission on Agriculture in India, (1926), Mins. of Ev., Vol. II, pt. i, p. 16 (vi). By a 'reasonably good' crop was meant one having 'over 60 per cent. of the goodness of 1915-16'. 1915-16 has been generally accepted as being a good, though not abnormally good, year. 'Goodness' of crops was calculated by a test which Dr. Mann devised, and which was based on statistics of the area planted in staple crops and the anna valuation of each crop. See also Mann, Rainfall and Famine: A Study of Rainfall in the Bombay Deccan, 1865-1938, passim.
 2. W. Chaplin, Report of 1822, quoted Deccan Riots Rept., p. 25 and Appx. C., p. 268.
 3. See Note on Land Transfer and Agricultural Indebtedness in India, (G. of I., 1895), p. 19.
 4. Ibid.

1835 and the following years conferred unrestricted rights of transfer of land on occupants of all classes. Land could now be taken in mortgage, and, what was more, could be recovered through the new British courts of law. The chief architect of the 'Survey Settlement', George Wingate, saw this provision as a means of getting rid of uneconomic cultivators and of substituting for them 'traders, pensioners and other parties having capital.'¹ Yet Wingate, who has recently been summed up as 'one of J.S. Mill's most unquestioning disciples', displayed the hesitancies of his master on the question of whether cultivation by wealthy landholders on large farms was necessarily more economic than cultivation by small peasant farmers.² Certainly, when Wingate saw that the grant of rights of transfer to all classes was leading to an increasing use of the system of mortgage, and the frequent transfer of lands taken in mortgage from the small peasants to the money-lenders, he was ready to say that it had never been contemplated that the land transferred as a result of the provisions of the new settlement should go to the saukars.³

A fundamental factor in the Deccan situation was the lack of an indigenous money-lending class.⁴ There is some evidence, too, that since the provisions of the Survey

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1. Joint Report of H.E. Goldsmid and G. Wingate, 17 October 1840, quoted Note on Land Transfer..., loc.cit.
 2. Eric Stokes, The English Utilitarians and India, p.127.
 3. Wingate to Govt., No.296 of 3 September 1852, quoted Deccan Riots Rept., Appx. A., p.80.
 4. See N.V. Sovani, 'Economic Conditions in Maharashtra', in Journal of the University of Poona, Humanities Section, No.9, 1958, p.116.

Settlement had come into force there had been an influx of money-lenders of the more unscrupulous variety. 'The prosperity of the ryot is no longer necessary to the prosperity of the money-lender', complained the Deccan Riots Committee.¹ It was no longer necessary to keep a man on the land in order to obtain repayment of one's loans.

The American Civil War temporarily clouded the situation in the sixties. Prices rose, not only of the wheat and the cotton which England obtained from India,² but also, to some extent, of the more staple crops of bajri and jowari.³ On the strength of their sudden prosperity, and in order to grow the crops for which there was a new demand, the ryots of the Deccan borrowed on mortgage more extensively than they had ever done before.

With the sharp contraction of prices after the restoration of normal conditions many of the ryots found themselves in an almost impossible situation. The Deccan Riots Committee could make only rough estimates of the amount of land which was transferred from agriculturists to non-agriculturists during this period. Their conclusions had to be based on a number of instances selected somewhat at random in the districts affected by the riots because no accurate record was kept of transfers of land to non-agriculturists.

1. Deccan Riots Rept., p.45.

2. Ibid., pp.47 ff.

3. A graph showing the fluctuations in the prices of these products at Sholapur, 1821-1875, is in R.D. Choksey, Economic Life in the Bombay Deccan, (1818-1939), p.30.

However, the Committee felt that indirect evidence was afforded by the growth in the number of suits for possession of land under mortgage bonds. For instance, in 1854 there were ten suits at Talegaon, in Poona District, for the possession of mortgaged land; in 1872 there were 193, 143 of these suits being against cultivators. In the villages actually investigated by the Committee in the Ahmadnagar District it was found that about an eighth of the occupancies were held by saukars, and that the saukars had acquired the occupancies within the past twenty years, and for the most part within the last ten years.¹

The condition of the ryots in the other regions of the Bombay Presidency was undoubtedly not as serious as it was in the Deccan. Gujarat, Khandesh and the Karnatak were rapidly becoming cash crop - particularly export crop - areas. But the 'new system of trade by rail and wire', as it was aptly described at the time,² did not necessarily lead to increased prosperity for all. A class of unskilled labourers, owning little or no land, and sometimes travelling quite considerable distances by rail in search of seasonal work, was being brought into existence.³ And although this field of Indian history could no doubt be as controversial as Professor Tawney's sixteenth century England, it seems reasonably fair to say that

1. Deccan Riots Rept., p.59.

2. Gazetteer of the Bombay Presidency, Vol.XII, Khandesh, (1880), p.194.

3. See R.D.Bell, Asst. Collr. Khandesh, quoted in Bom.L.Rev. Admin.Rept., 1905-06, pt.ii, p.15, and evidence of Dr. Harold Mann, R.C. on Agric., Mins. of Ev., Vol.II. pt.i. p.9.

at the other end of the scale in the cash crop areas a new class of rentiers, made up of men who no longer worked in the fields themselves, was tending to develop.¹

While the Deccan Riots Committee were not directly concerned with conditions in areas of the Presidency outside the Deccan, they felt it necessary to quote in some detail in an Appendix the opinions which Collectors in these areas had expressed in their administration reports of 1873-74.

The soil of Gujarat, particularly in the south, is remarkably fertile and rainfall is reasonably reliable. The districts of Surat, Broach and Kaira, in particular, had been found to be extremely suitable for the growth of cotton. Yet Surat had been greatly affected by the rise and fall in prices. The people, the Collector reported, had been 'intoxicated by prosperity'. Now, the 'general condition of the people' was 'far from prosperous'.² The Collector of Broach spoke in almost the same terms.³ Khandesh is a transition tract between Gujarat and the Deccan, hilly and inhabited by aboriginal Bhils in parts, but fertile and capable of growing good cotton in the valley of the Tapti. Yet the Collector of Khandesh had claimed in 1874 that the condition of the people was 'far from satisfactory', and that it would require great care and

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1. See G. Keatinge, Agricultural Progress in Western India, p.147. See also, Gazetteer of the Bombay Presidency, Vol.IX, pt.i. Gujarat Population: Hindus, (1901), p.152.
 2. Collr. Surat, Admin. Rept., 1873-74, quoted Deccan Riots Rept., Appx. A, p.45.
 3. Collr. Broach, *ibid.*, p.47.

judicious management to relieve them.¹ The Karnatak is, on the whole, another fertile and reasonably well watered region. Cotton cultivation was beginning to develop here, too. The District of Dharwar was reported by its Collector to be 'thriving'. Yet he too inveighed against the 'moneyed interest' which had 'soon found the weak part' of the settlement of Goldsmid and Wingate. He specially mentioned 'the most ruinous system of "Kore tenancy," under which the ryot cultivates the land and hands over to his creditor the bulk of the produce.'²

The Deccan Riots Committee showed that there were basically two methods of tackling the problem as they conceived it. One was to compete with the money-lender in the provision of credit; the other was to put legal checks on his activities. Both methods demanded action by the State.

As far as actual competition with the saukar was concerned, the Committee were somewhat shy of going beyond the age-old provision of government financial assistance to the ryots - takkavi - in times of need. They looked into the possibility of government banks in the rural areas for the provision of credit to the ryots, but came to the conclusion that they would be of little use, since most of the ryots' transactions were in kind rather than in cash.³ They assumed

1. Collr. Khandesh, *ibid.*, p.35.

2. Collr. Dharwar, *ibid.*, p.42.

3. Deccan Riots Rept., p.71.

that such banks could not deal in kind. In an Appendix they quoted without comment the correspondence which had ensued when the suggestion of government banks had first been put forward, in 1858, by H.E.Jacomb, then an Assistant Collector in Ahmadnagar District.¹ The Bombay Government of the time had agreed that such banks ought to be encouraged, but they had added that it was 'not likely that the Home Government would countenance any scheme, which, although deserving encouragement on its merits, ought, according to acknowledged principles, to be left entirely to private enterprise. It will be held in England that, as every man is at liberty to lend money at whatever he can get for it, such unlimited competition must keep down the excessive gains of the Soukars and Marwaris.'²

'Acknowledged principles' still played a part in the thinking of many in 1875. Yet the Deccan Riots Committee were willing to put legal limits on money-lenders' activities. As a result of their report - though only after Sir Richard Temple's Government of Bombay³ and two successive Conservative Secretaries of State⁴ had put pressure on an unwilling

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1. H.E.Jacomb, Asst. Collr. Ahmadnagar, to Collr. Ahmadnagar, No.13 of 6 December 1858 and No.2 of 29 January 1859, quoted Deccan Riots Rept., Appx. A, pp.112-128.
 2. Acting Sec., Bom. R.D., to Commr.S.D. No.932 of 8 March 1860, *ibid.*, pp.108-109.
 3. See Minute of Sir Richard Temple, 30 August 1878, quoted S.C.Ray, Agricultural Indebtedness in India and its Remedies, being Selections from Official Documents, Appx.I.
 4. Salisbury and Cranbrook. See Sec. of State to Govr., Bombay No.4 (Legislative) of 26 December 1878, quoted Ray, *op.cit.*, Appx.II.

Government of India - the Deccan Agriculturists' Relief Act came into force in 1879. This Act gave the Courts power to go into the history of a debt and to revise decrees from the point of view of equity and with the object of avoiding as far as possible the sale to non-agriculturists of land held by agriculturists. The aim, the Bombay representative, T.C.Hope, told the Legislative Council, was 'to keep the money-lender in his place, to encourage and support him in all useful functions, but to restrain him...from becoming an enemy and oppressor of the poor.'¹

The State, then, was to intervene to give both sides a fair chance. This idea represents, in fact, the real theories of the classical political economists.² Over the next few decades there was to be a struggle in the minds of many in India between the garbled version of political economy on which they had been brought up and the more positive conception of the rôle of the State in economic life which the situation in India seemed to demand. The influence of the ideas of T.H.Green became increasingly apparent in India in the closing years of the nineteenth century, especially as the men whom Green's disciple, Arnold Toynbee, tutored at Balliol in his classes for entrants to the Indian Civil

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1. Abstract of the Proceedings of the Council of the Governor-General of India assembled for the purpose of making laws and regulations, 17 July 1879, p.134. (Such Proceedings hereafter quoted as Imperial Legislative Council Proceedings)
 2. See Lionel Robbins, The Theory of Economic Policy in English Classical Political Economy, London, 1952, passim. See also J. Bartlett Brebner, 'Laissez-faire and State Intervention in Nineteenth Century Britain', in Journal of Economic History, Supplement VIII, 1948.

Service, moved into positions of authority. A close friend of Toynbee, James Wilson, was a Secretary to the Government of India in the Revenue and Agriculture Department during Curzon's formative Viceroyalty.¹ In the closing years of the nineteenth century and the opening years of the twentieth, the influence of Green's positive but liberal interpretation of the rôle of the State was just as important as those more authoritarian aspects of the Utilitarian legacy to which Professor Stokes has drawn attention.²

The new emphasis in English political economy was not lost on the small but influential group of Indian intellectuals whose centre was Poona. Agarkar, agnostic and social reformer, Ranade, a High Court judge and a student of economics, and later Gokhale, Ranade's disciple, dedicated to the service of his country, though seeing Indian politics, as K. Natarajan has said, as 'the task specially and exclusively of the educated classes'³ - men such as these participated just as much in the changing outlook on economic questions as did their British rulers. 'The State', Ranade wrote in 1892, 'is now more and more recognized as the National Organ for taking care of National needs in all matters in which individual and co-operative efforts are not likely to be so effective

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1. For Toynbee's influence, see Benjamin Jowett, Memoir of Toynbee, in Arnold Toynbee, Lectures on the Industrial Revolution in England, London, 1884.
 2. Stokes, The English Utilitarians and India. See also John Roach, 'Liberalism and the Victorian Intelligentsia', in Cambridge Historical Journal, Vol.13. No.1.(1957) pp.53-81.
 3. K. Natarajan, Gopal Krishna Gokhale: The Man and his Message, p.15. See also P.M.Limaye, The History of the Deccan Education Society.(1880-1934).

and economic as National effort.'¹ The outlook on society of organizations like the Poona Sarvajanic Sabha and later the Deccan Sabha, and the Deccan Education Society, helped to provide a sympathetic basis for attempts to ameliorate the ryot's lot. The future in this field to some extent lay in the partnership of liberal-minded elements from both races, Indian and British.

An opportunity for collaboration between the two races was provided in 1882 by the scheme for 'agricultural banks' promoted by Ranade and Sir William Wedderburn, later to be one of the founders of the Indian National Congress, but then District Judge at Poona. It was a notable scheme. But there is no justification for Mr. S.K.Ratcliffe's claim, which has been repeated by later writers, that the scheme proposed banks 'on the co-operative principle'.² Certainly Wedderburn was not unaware of the existence of co-operative banks of the Raiffeisen type in Germany,³ but in his scheme there was to be no attempt to put the banks under the local control of the ryots themselves, or to raise at least some of the capital from the ryots. The scheme, therefore, cannot be called 'co-operative', though it forms an important part of the back-

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1. M.G.Ranade, 'Indian Political Economy', in Essays in Indian Economics, p.32.
 2. S.K.Ratcliffe, Sir William Wedderburn and the Indian Reform Movement, p.37. See also Philip Woodruff, The Men Who Ruled India: The Guardians, p.162, and S.Gopal, The Viceroyalty of Lord Ripon, 1880-1884, p.188.
 3. See Wedderburn, Agricultural Banks for India, p.13.

ground to the co-operative movement.

With the coming into force of the Deccan Agriculturists' Relief Act, Wedderburn claimed, the saukar was finding it increasingly difficult to bring successful suits against agriculturist debtors. In these circumstances the saukar, according to Wedderburn, would 'gladly' sell his claim to an agricultural bank, leaving the bank to recover the amount by annual instalments which would be so small as to make the ryot 'at once solvent', but which would be a profitable proposition for the highly capitalized bank.¹ Wedderburn claimed that the saukars in Purandhar taluka in Poona District, had agreed to his scheme.² It was one for complete 'debt redemption'. Wedderburn's aim was not simply to supply the ryots with the short-term credit needed for meeting the seasonal costs of cultivation; he also hoped to provide for long-term land improvement and the repayment of long standing - sometimes ancestral - debts.

The Bank's 'promoters' included S.H. Chiplunkar, the Secretary of the Poona Sarvajanic Sabha, and various others described as 'Poona capitalists'. The Maharashtrian names of the majority of these show that the immigrant money-lender element was not allowed to predominate. But Wedderburn had notions of trying to introduce English capital, and speeches

1. Ibid., p.1.

2. Chairman, Poona Committee for the Establishment of Agricultural Banks, to Wedderburn, 9 January 1883, Copy of Correspondence respecting Agricultural Banks in India, p.33. P.P. 1887 (340); lxii, 643.

which he made in London and Manchester on the subject during his home leave of 1883 even attracted the favourable notice of The Times.¹ Bright, the old radical warrior, chaired a meeting on the question held at Exeter Hall. He was probably persuaded to do so by James Caird, a radical member of the Famine Commission of 1878-1879,² who had met Wedderburn in India,³ and who, for a number of years after that, was an important man behind the scenes in the generous, if occasionally slightly muddled, support which Wedderburn's schemes received in England.

Government's main rôle in the scheme which Wedderburn put forward was to provide for the recovery of the bank's debts at the same time as the assessment was collected. But if the scheme was a success it was hoped that Government would provide funds for the large-scale liquidation of the ryots' debts. Such notions, the Collector of Broach expostulated, were 'the outcome of an unpractical mind', of 'would-be benevolent interference with the plainest principles of political economy'.⁴ But Ripon's government, particularly Baring, were

1. Ibid., p.12.

2. James Caird: Scottish farmer; took part in Free Trade agitation; commissioned by Peel to inquire into agricultural state of Ireland, 1846; Liberal-Conservative M.P. 1857-59; Liberal M.P., 1859-69; Enclosure Commissioner, 1869-82; Member, Indian Famine Commission, 1878-79; K.C.B., 1882; P.C., 1889.

Caird introduced Wedderburn to Bright in May 1881. (Caird Papers, India, Home Misc. Series, I.O.L., Vol. 796, No. 453.)

3. Report by James Caird, Esq., C.B.; with Correspondence, p. 44 P.P. 1880 (2732); liii, 137.

4. Collr. Broach to Commr. N.D. No. 3053 of 21 July 1884, quoted Copy of Correspondence respecting Agricultural Banks, p. 53.

strongly behind Wedderburn's scheme, although Baring joined with others in pointing out a possible objection to it.¹

Caird had been told of this particular objection as early as 1878. It was that Government ought not to be associated in any way with the collection of a bank's dues; by being so associated it would run the risk of being looked upon as the ryot's oppressor.² It was this objection which proved decisive at the India Office. The Secretary of State rejected the scheme in February 1883,³ and again in October 1884.⁴

The radical interest in England kept up the pressure, eventually, in 1887, succeeding in having the papers relating to the scheme laid on the table of the House. But it was then stated that no further action was to be taken in the matter.⁵

As a by-product of the discussion of Wedderburn's scheme, however, came what seems to be the first suggestion

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1. See Extract from Survey and Settlement Commr., Bom., to G. of B. No.2481 of 13 December 1882, *ibid.*, p.31. See also Gopal, *op.cit.*, p.188, n.4. Evelyn Baring, Lord Cromer: Service in Royal Artillery from 1856; Private Sec. to Lord Northbrook, 1872-76; Commr. Egyptian Public Debt; 1877-79; Finance Member, India, 1880-1883; Agent and Consul-General, Egypt, 1883-1907.
 2. Unheaded note marked 'Private and Confidential, 5/10/78', signed 'J.P.' / Major James Puckle, ex-Mysore State Service, from whom there are other letters in the collection? / Caird Papers, No.97.
 3. Sec. of State to Viceroy, Despatch No.8.(Legislative) of 15 February 1883, quoted Copy of Correspondence, p.3.
 4. Sec. of State to Viceroy, Despatch No.95 (Rev.) of 23 October 1884, *ibid.*, p.55.
 5. Hansard's Parliamentary Debates, Third Series, vol. 319, p.922, (18 August 1887)

for the introduction in India of organizations at all approximating co-operative societies in their structure. It was put forward by Charles Gonne, the Chief Secretary of Bombay,¹ as an alternative to Wedderburn's scheme. Gonne does not display any knowledge of the experiments then taking place in Europe, yet the resemblances are in some ways remarkable. Under Gonne's scheme advances would be made by Government. There was to be no attempt to encourage deposits from those who would ultimately benefit from the scheme. Nevertheless, the important idea of responsibility and management at the local level was introduced. Advances were to be made not on the security of land, but on 'the personal security of all the assessment payers of the village community to which the applicant belongs.'² A committee, or 'Panchayat' as Gonne believed it could be called, was to be elected in every village to represent the community in the matter of responsibility for advances. It was to employ a Secretary, who might be one of its members, and who was to receive a percentage on advances. The committee was to scrutinise every application for an advance, and, if satisfied, endorse the application and send it for payment to the nearest government treasury. 'The

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1. Charles Gonne: Appointed Bom., from Haileybury, 1853; Asst. Collr., 1854; Judge, 1861; Sec., G. of B. Judicial and Political Depts., 1864; Chief Sec., 1879; Member of Council, Bom., 1884; retd., 1885.
 2. C. Gonne, 'Note on the Working of the Deccan Agriculturists' Relief Act, 1879', August 1883, Papers relating to the Deccan Agriculturists' Relief Act during the years 1875-94, S.R., G. of I., Home Dept., No.cccxlii, Vol.I, p. 415.

managing body would be intimately acquainted with the affairs of clients, and clients would be influenced by a watchful public opinion to be faithful to their obligations.'¹ Although Gonne probably did not realise the fact, this is 'co-operative' theory in its purest form.

Gonne's claim that 'traditions of village co-operation in past times' would support his scheme is particularly interesting.² The most notable form, in the Bombay Presidency, of what is often called 'indigenous co-operation' was known as irjik. Under this system the ryots joined together to perform harvesting operations.³ In Nasik and Khandesh agriculturists combined to carry out elementary irrigation operations.⁴ Yet it is difficult to see more than surface connections between such institutions and the organizations which Gonne proposed. Irjik and the like were fundamentally part of an earlier type of economy; Gonne's proposed institutions were concerned basically with the new cash economy.

No action was taken on Gonne's scheme; indeed, it seems never to have been noticed again. The problem of agricultural indebtedness and the alienation of land to non-agriculturalists remained, however. The Government of India had to content itself at this time with passing two acts,

1. Ibid.

2. Ibid., p.417.

3. The author is indebted to Dr. Irawati Karve for information on irjik.

4. See A.H.A. Simcox, Collr. Nasik, 'Note on Deccan Irrigation', Easter Day, 1921. (Poona, found in an untitled file of miscellaneous papers of interest, preserved by Shri Chiplunkar, one-time Record Keeper.)

which, it was hoped, would lead to a more elastic procedure in the distribution of takkavi. The Land Improvement Loans Act of 1883 permitted local governments to make long term loans to cultivators for such purposes as the construction of minor irrigation works. Little effort was made in succeeding years, however, to tell the ryot of the facilities that were available, or to suggest to him possible schemes of improvement.¹ The Agriculturists' Loans Act of 1884 merely re-stated and slightly simplified the procedure for the grant of short term loans to agriculturists during periods of famine and at other times of distress.

A Commission was appointed in 1891 to examine the working of the Deccan Agriculturists' Relief Act. It came to the conclusion that 'a large and increasing area is still² being transferred from the cultivating to the trading classes', though again no accurate figures could be quoted. The Commission could only suggest a few minor changes in the Act, however. The modesty of its recommendations brought a notable declaration from Lord Lansdowne, the then Viceroy: 'I desire ...to place on record my opinion that legislation of this kind will only touch the fringe of agricultural indebtednessIt is to my mind impossible to read the mass of evidence

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1. See, e.g., Report of the Bombay Provincial Banking Enquiry Committee, 1929-30, Vol.I, p.84.
 2. Report of the Commission appointed to Enquire into the Working of the Deccan Agriculturists' Relief Act, (1891-92), p.12.

which has come to us from Bombay, from the Central Provinces, from the Punjab and even from parts of Bengal, without coming to the conclusion that remedies of an entirely different kind are indispensable if the evil is to be held in check'.¹ In 1895 the Government of India informed the Secretary of State that the whole question of agricultural indebtedness, 'than which none more difficult or more important has of late years arisen in connection with our internal administration,' was receiving their serious attention. 'Meanwhile', they added, 'public opinion is ripening on the subject; the conviction that something more than mere palliative measures is required is no longer confined to officials, but is shared by some of the most advanced representatives of native opinion, and it is advisable that action should not be unnecessarily delayed.'²

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1. Lansdowne, Note on the Report of the Deccan Commission, 3 January 1894, quoted G. of I. Selection from Papers on Indebtedness and Land Transfer, 1895, p.131.
 2. Viceroy to Sec. of State, Despatch No.20 (L.Rev.) 27 March 1895. (I.O.L., Rev. Letters from India, 1895).

II

C H A N G I N G A T T I T U D E S

II: C O - O P E R A T I O N

The Governor of Madras in 1892 was Lord Wenlock, one of those Victorian aristocrats of liberal outlook who, in a rather curious way, were strongly attracted to the British co-operative movement. (Ripon had been another, in his youthful 'Christian Socialist' days.) Here, they felt, was a type of socialism that preached benevolence and brotherhood rather than class war. Wenlock had set up a co-operative society in his own village before going out to India. On his return he formed an association for the organization of agricultural co-operatives in England, similar to Horace Plunkett's Irish Agricultural Organization Society.¹ It was Wenlock who was responsible for placing Frederick Nicholson, a Madras Civilian, on special duty to study 'the possibility of introducing Land and Agricultural Banks into the Madras Presidency.' Nicholson went to Europe to see developments there, and returned to write a report, the burden of which was, in his own words, 'Find Raiffeisen.'²

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1. Henry Wolff, Co-operation in India, (1919 edn.), p.44, note.
 2. F.A.Nicholson, Report Regarding the Possibility of Introducing Land and Agricultural Banks into the Madras Presidency. Vol.I, 1895, reprinted 1915; Vol.II, 1897. Frederick Augustus Nicholson: Asst. Collr., Madras, 1869; Collr., 1889; Member, Imperial Legislative Council, 1897, 1900; Member, Madras Board of Revenue, 1899; Member, Famine Commission, 1901; K.C.I.E., 1903; retd. 1904.

Raiffeisen was the burgomaster of the village of Heddesdorf, near Neuweid, in Germany. He was not wealthy, but he was inspired by a spirit of Christian philanthropy. From the time of the 1848 famine he had experimented with various forms of co-operative association amongst the villagers, designed to eliminate the middleman and the money-lender, but it was not until 1864 that the loan society which became a model for many others was set up. From about 1879 Raiffeisen's co-operative ideas began to spread fairly rapidly in Germany, Italy, and the Austrian Empire.

The Raiffeisen societies were fundamentally self-governing associations of borrowers, who all, or practically all, subscribed a share of the capital of the society, and who made use of the further capital attracted to the society through the combined credit of the members. Their area of operations was limited as a rule to a single village; members, it was claimed, thus knew the faults and good points of every potential borrower; administration was gratuitous, by an elected committee, only the clerical work being paid for; the liability of members was unlimited; the amount of share capital an individual could hold was usually limited so as to avoid a dividend-seeking spirit, any profits over a certain sum being allocated to a reserve fund; loans had to be utilized for productive purposes. The aim of the societies, according to Nicholson, was to supply 'confidence, courage, the spirit of thrift, of self-help', to a peasantry that was

'enfeebled, suspicious and dispirited'.¹ The societies, he said, provided 'an education in many of the finer social and economic faculties';² they 'not merely popularized but democratized credit'.³

Such was the system which Nicholson proposed to transfer from the Rhineland villages to the Madras Presidency. He was emphatic that he did not want to establish state banks - 'an unheard of experiment in State socialism'. But the functions of the State would be considerable with regard to co-operative societies. It would 'suggest and favour' their establishment, it would provide efficient supervision, and it might grant 'some moderate loans either as working or as mere starting funds'.⁴

Nicholson's report is written in an impressive though somewhat repetitive style. By the time it was presented Lord Wenlock had left Madras. The government of his successor opposed Nicholson's schemes with a vehemence that was at times almost abusive. Mr. Nicholson's '408 closely printed quarto pages', they said, showed an 'absence of definiteness in conception....The extremely undesirable conditions which are reported to prevail in Bombay and other provinces not so favoured, or' (the Madras Board of Revenue added patronisingly 'not so well administered as Madras', did not obtain in their

1. Nicholson, Report, Vol.I, pp. 163-164.

2. Ibid., p.151.

3. Ibid., p.150.

4. Ibid., pp.23-24.

territories. 'There is far too much loose talk about the indebtedness of our ryots'. The professional money-lender was 'not oppressive'. 'Happily' the Government of India were not likely to favour such a 'race for ruin' as would be brought about by the establishment of co-operative societies.¹

But in the late nineties the initiative in the economic sphere was swinging from the two southern Presidencies, from Madras and from Bombay -- which, it will be remembered, had been largely responsible for the Deccan Agriculturists' Relief Act -- to the Punjab and the North-West Provinces, and to Curzon's Government of India.

Copies of Nicholson's report began circulating amongst certain officials in the Punjab and the North-West Provinces at the turn of the century. E.D. Maclagan² at Multan and T.J. Crosthwaite³ at Dera Ismail Khan in the Punjab made a few very tentative experiments in the organization of associations somewhat approximating those contemplated

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1. Madras Board of Revenue Resolution No.412 of 4 November 1896, encl. Bom. G.R.R.D. No.7407 of 26 November 1900. (Poona, ADM. S.O. 7.)
 2. Edward Maclagan: Asst. Commr. Punjab, 1886; Offg. U.Sec., G. of I., R. & A. Dept., 1890; Dep. Commr., Punjab, 1896; Offg. Ch. Sec., Punjab, 1906; Sec., G. of I., R. & A. Dept., 1910; President, Cttee. on Co-operation, 1914-15; Govr. Punjab, 1919-24; K.C.S.I., 1921.
 3. T.J. Crosthwaite: An army officer, working, in the Frontier tradition, in civil administration. He was a brother of H.R. Crosthwaite, a member of the uncovenanted civil service, who was for a time Registrar of Co-operative Societies in the Central Provinces. See H.R. Crosthwaite, 'Recollections and Reflections' in Bombay Co-operative Quarterly, June 1917 pp.15-16. (The title of this periodical is hereafter abbreviated in footnotes to B.C.Q.)

by Nicholson. Crosthwaite collected capital, in the first instance, in the form of grain.¹ H.E.L.P. Dupernex,² a Civilian in the North-West Provinces, became extremely enthusiastic about 'village banks', as he called them. He was supported in his efforts by Macdonnell, the Lieutenant- Governor of the Provinces.³ Macdonnell saw the support for such banks as coming from 'Rajas and zemindars';⁴ they were to be largely philanthropic organizations.⁵

Dupernex, after a rather brief look at Italian co-operative societies during a home leave, produced a book on the whole subject of fostering co-operative societies, to which he gave the title People's Banks for Northern India.⁶ Its purpose was frankly propagandist. Dupernex's first premise was contained in the well known passage from Metcalfe, which he quoted: 'The Village Communities are little Republics, having nearly everything they want within themselves, and almost independent of any foreign relations.' The essential characteristics of the village community, Dupernex claimed,

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1. The Indian Agriculturist, 1 July 1901. The Indian Agriculturist was a Calcutta economic monthly of liberal views. It would appear to be an important source of material for anyone writing an economic history of this period.
 2. H.E.L.P. Dupernex: Asst. Collr. N.W.Provinces, 1889; Asst. Commr. and Jt. Magistrate, 1897; district judge, 1901; retd. 1913.
 3. According to Curzon, Macdonnell was 'by far the most capable administrator that we have....in this pigmy-ridden country'. Curzon to Hamilton, 22 April 1901. (I.O.L., Hamilton Papers, Vol.XX.)
 4. The Indian Agriculturist, 2 September 1901.
 5. The Indian Agriculturist, 1 November 1901.
 6. H.Dupernex, People's Banks for Northern India. A Handbook to the Organization of Credit on a Co-operative Basis.

were 'brotherhood' and 'joint responsibility', its 'democratic character', its system of public accounts, its strict rules about the admission of strangers, its opposition to the idea of individual profit, and the gratuitous nature of the services rendered by the members of the community.¹ All these, Dupernex said, were also essential features of co-operative societies. It was therefore possible to think of 'grafting on to' the village community 'the new growth of co-operative credit'.²

However, Dupernex believed that, in order to obtain capital for village societies, 'people's banks' should first be started amongst the middle class people of the district towns. 'To occupy the vacant ground immediately next that already taken up by the joint-stock bank and from that point to work gradually downwards is the system which, if slow in its progress, is the likeliest in the long run to attain the desired end.'³

Although Dupernex's book created some impression, Nicholson's report probably remained the formative influence. One of those in England who were interested in the subject and who had read Nicholson's report was, of course, Sir William Wedderburn. By some means he learnt that several members of the Government of India were also interested in

1. Ibid., pp.63-70.

2. Ibid., p. 78.

3. Ibid., p. 111.

Nicholson's report. Wedderburn was now a Member of Parliament. In March 1900 he asked the Secretary of State what steps were being taken by the Government of India on the subject of 'land banks', as it had been broached by Nicholson. Lord George Hamilton replied that the subject was already under consideration, and that he expected to receive the Government of India's views 'during the coming season.'¹

This was the first public indication that a definite scheme for fostering co-operatives was being considered at Simla.

Some time after the Secretary of State made his announcement he received a letter from Henry Wolff, the Chairman of the International Co-operative Alliance, expressing strong interest in the scheme. Wolff was primarily a journalist and publicist rather than a practical co-operator, somewhat sententiously sure of himself and of his theories. He never visited India, though in later years he was to produce a book about co-operation in that country.² Wolff was to exercise an influence over the development of co-operation in India which was possibly out of proportion to his real stature. Yet at the beginning, when officials were still floundering in their efforts to grasp the fundamentals of co-operation, his influence on the whole was very helpful.

1. Hansard, Fourth Series, Vol.81, p.697, (29 March 1900)

2. Henry Wolff, Co-operation in India.

Sir Charles Bernard¹ sent Wolff a copy of Nicholson's report and the Madras Board of Revenue's review of it. Wolff, in his reply, said that he was theoretically opposed to any form of State subventions. However, 'money must be found in some way' and, 'so long as the danger of the loan being turned into a gift can be guarded against', he did not see the harm of an advance from Government funds in order to set things in motion. But central banks for the provision of finance, either joint stock companies or the property of all the societies should be formed as soon as possible. He was totally against Nicholson's idea of placing village co-operative societies under the Indian Joint Stock Companies Act; such a procedure would be legally clumsy, expensive for societies, and, because of the implicit emphasis on profits in such an Act, 'directly adverse to co-operation.' Co-operative societies in India should be placed under an act somewhat akin to the British Industrial and Provident Societies Act. Supervision of the working of co-operative societies, preferably by a 'supervising council' within each society, or if this was impossible by a 'central authority', 'could not be too stringent', Wolff claimed, 'so long as you

1. Charles Edward Bernard: Asst. Commr; Bengal, 1858; Settlement Officer, Nagpur, 1864; Commr., Nagpur, 1869; Sec. Sir Richard Temple, 1877; Sec., G. of I., R. & A. Dept., 1881; Sec., R.D., India Office, 1888. Wolff called Bernard 'the true author' of co-operation in India. (B.C.Q., December 1930, p.127.) This view, however, probably chiefly reflects the fact that Bernard was the first high official connected with India to take an interest in Wolff's ideas.

do not actually interfere in the management'.¹

The Secretary of State, writing to the Government of India, was a good deal more hopeful than the Madras Board of Revenue about the prospects of co-operative societies: 'probably it will be possible to adopt earlier and more extended measures than are proposed in the orders of the Madras Government.'²

The Government of India had already acted. It had sent Nicholson's report and Dupernex's book to Local Governments for brief consideration in October 1900. The Government of Bombay were not at all enthusiastic. They saw 'little or no indication of such mutual trust among members of rural communities in this Presidency as would make co-operative credit possible.'³ In December, after an informal meeting of a Committee in Calcutta - Nicholson and Dupernex were amongst those at this meeting - the appointment of a Select Committee to study the question fully was announced and further opinions were requested from Local Governments.⁴

This time the Government of Bombay consulted the men out in the districts. Their opinions are important, both because of the reasonably accurate reflection they give of administrative opinion in the Presidency, and because of the

1. Wolff to Sec. of State, 26 June 1900, encl. Sec. of State to Viceroy, Despatch No.19 (Rev.) of 8 February 1901. (I.O.L., Rev. Letters to India, 1901.)

2. Despatch cited.

3. Bom. G.R.R.D. No.7407 of 26 November 1900. (Poona, ADM.S.O.7.)

4. G. of I., R. & A. Dept. to Local Govts., Nos.258 - 262 - 326-12 of 30 January 1901. (Poona, file cited).

picture they give of conditions in their districts as they thought they would affect the establishment of co-operative societies. Time was to prove some of their prophecies of success or failure to be correct, and some of them to be based on misunderstandings.

The Collector of Ahmadnagar believed that conditions in the Deccan were vastly different from those in Dupernex's North-West Provinces. There was in the Deccan no class of large landholders who might take up positions of leadership in co-operative societies, gratuitous service was completely unknown in the villages, and joint responsibility beyond the limits of the family group was something that it would be difficult for the Maratha kunbi to understand.¹ The Survey Commissioner felt that a few societies of a sort could no doubt be started among the patidars of Gujarat, and in the Karnatak. But he considered the people in these comparatively prosperous areas could well take care of themselves.² The Commissioner, Southern Division, wondered if co-operative societies could do much to help men already in debt. Such people, he feared, formed a large proportion of the population.³ The Collector of Nasik, writing in a genially cynical strain not uncommon at the time, thought that perpetual failure in

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1. Collr. Ahmadnagar to Commr. C.D., No.R898 of 25 March 1901, encl. Bom. G.R.R.D. No.4073 of 30 May 1904. (Poona, file cited.)
 2. Survey Commr. to Chief Sec. No.A. - 1071 of 2 April 1901, encl. Bom.G.R. cited.
 3. Commr. S.D. to Chief Sec. No.1273 of 14 April 1901, encl. Bom. G.R. cited.

the sphere of co-operative societies could be deduced from what he saw as the complete failure of Indian local self-government.¹

Only James McNeill, the Acting Collector of Poona, wrote both reasonably optimistically and in detail about the prospects of co-operative societies. He thought that the wealthier areas of his district probably offered the best scope for the development of societies. The two main difficulties would be that of securing a capable managing body and that of enforcing prompt repayment of loans. He did not think it would be impossible to find philanthropically minded landowners and vakils in taluka towns who would help with leadership. To enable prompt recovery it might be necessary to allow debts to societies to be recovered as arrears of land revenue. The objection of the 'political inexpediency' of such a policy 'would possibly have less weight now than twenty years ago.'²

The replies to the Government of India's circular to the provincial governments, and the notes supplied by Henry Wolff, were considered by the Select Committee which met sixteen times in Simla in June and July 1901. Many of the members of the informal Calcutta committee of the previous

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1. Collr. Nasik to Commr. S.D., No.5213 of 26 April 1901, encl. Bom. G.R. cited.
 2. Collr. Poona to Commr. C.D., No.2877 of 28 March 1901, encl. Bom. G.R. cited.

December were on this Committee. The Select Committee claimed in their Report that no hard and fast rules could be laid down for co-operative societies. They proposed, however, a bill 'of a permissive character', modelled on the English Industrial and Provident Societies Act, as Wolff had suggested. A bill was actually drafted by the Committee, but presumably it received a great deal of criticism in Simla, as it was withdrawn from the Report of the Committee after that Report had been printed.¹

At about the same time as the Report of the Select Committee appeared the Report of the 1901 Famine Commission was published. This Commission believed that in the Bombay Presidency one quarter of the cultivators had lost possession of their lands and less than one fifth were free from debt, (though they quoted few statistics to support their belief.) They warmed to their subject: 'Commissions have sat and reported; Acts of the Legislature have been passed and amended; executive action of various sorts has been taken. But of all the result has been disappointment.'² With Macdonnell as Chairman of the Commission and Nicholson as a member it was not surprising that the Commission should recommend very

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1. See end of Report of the Select Committee on the Establishment of Co-operative Credit Societies in India, 1901.
 2. Report of the Indian Famine Commission, 1901, and Papers Relating Thereto, p.108. P.P., 1902 (876); lxx, 545. This was the part of the Report to which the Sec. of State paid particular attention. See Sec. of State to Viceroy, Despatch No.163 (Rev.) of 1 November 1901. (Macdonnell Papers, Bodleian Library, MSS. Eng. hist. a.11-12, c. 356, folio 24.)

strongly the adoption of a system of 'mutual credit associations'. But the Commission did not follow Duperneux in advocating the formation of co-operative banks in district towns before the formation of village societies. And they did not wish to declare total war on the moneylender. 'It is not intended to frighten the village money-lender by permitting a village bank to enter into competition with him over the whole field of business.'¹ But at the same time, the societies were not to be the philanthropic organizations Macdonnell had at first contemplated.

The Report of the Select Committee was sent to Local Governments for further discussion towards the end of 1901.² By this time the Bombay Government and some of its Collectors were becoming tired of the matter. The Collector of Nasik protested even more vigorously against the very idea of co-operative societies, particularly if the District Officer was to be responsible for the working out of that idea. 'This complacent assumption that the conduct of experiments at the expense of the corpus vile of the District Officer is in accordance with the eternal fitness of things is no doubt a sign of the times'.³ Curzonian ideas in the economic realm were beginning to make themselves felt amongst the older

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1. Famine Commission Rept., pp.98-99.
 2. G. of I., R. & A. Dept., to Local Govts., Nos. 2397 to 2402 - 92-17 of 5 November 1901. (Poona, ADM. S.O.7.)
 3. Collr. Nasik to Commr. C.D., No.17051 of 24 December 1901, encl. Bom. G.R.R.D. No.4073 of 30 May 1904.(Poona, file cited.)

generation of Civilians. Eventually - 'the subject is not of such urgency that it would have been legitimate for Government...to put aside other work, much of which pertains to famine relief, in order to devote their undivided attention to it' - the Government of Bombay came to light with an alternative scheme for the supply of agricultural credit. Legislation should be undertaken to extend the law relating to Government takkavi to loans made, under government supervision, by private persons or 'associations for productive purposes.'¹ This scheme appears, in fact, to have been little more than a rather hastily revised version of Wedderburn's scheme of the eighties.

Wedderburn himself, now concerned with agitation on behalf of the Indian Famine Union, may not have fully realized the differences between his own earlier proposals and Nicholson's scheme. He wrote in the Indian Agriculturist that he hoped the proposed pioneer enterprises would be given 'all reasonable State support, whether legislative administrative or financial' - and promptly launched into a description of his own long-rejected scheme.²

Dinshaw Wacha, the President of the Indian National Congress for 1901, had a much clearer notion of the differences between agricultural banks and co-operative societies. 'The Sowcar, I mean the honest usurer, is not likely to view

1. Bom. G.R.R.D. No.5574 of 12 August 1902.

2. The Indian Agriculturist, 1 February 1901, p.44.

his rival with anything like friendliness or favour', he told the Congress. The Saukar was essential to the rural economy; after all, 'without his aid it would become impossible that the crores of land revenue could be so punctually gathered from year to year.' Wacha was inclined to prefer a scheme such as that of the Egyptian Agricultural Bank.¹ Privately, he wrote to Baring, who now, as Lord Cromer, was the de facto ruler of Egypt and intent on putting into practice the ideas which the less free conditions of India had prevented him from experimenting with. Cromer replied that 'Co-operative Credit Societies in the East are all nonsense. Anyone who knows the natives knows they will never co-operate.'²

The Bombay section of the Congress was at this time opposing in the Provincial Legislative Council a bill, on lines of the Punjab Land Alienation Act, which would strictly control the transfer of land from agriculturists to non-agriculturists. Acting from various motives, most Congressmen, under the leadership of Pherozeshah Mehta, complained bitterly that such legislation would be an unwarranted interference by the State with the property rights of the citizen. Gokhale, however, announced that he would support the Bill if he were convinced that it would bring about any real relief. 'What

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1. Report of the Seventeenth Indian National Congress held at Calcutta on the 26th 27th and 28th December 1901, p.47. For the Egyptian Bank see below, Chapter IV.
 2. Quoted in 'Agricultural Banks in India' (originally contributed as an article to the Indian Journal of Economics, January 1916), Speeches and Writings of Sir Dinshaw Edulji Wacha, p.363.

the ryot wants is money.'¹ 'Agricultural banks' were his solution at this time; he was soon to incline towards co-operative societies, however.²

The reactions to the publication of the report of the Select Committee were so very mixed that the Government of India took some time to decide what its next step should be. By 1903 many people were becoming restless at the Government of India's seeming inaction on the subject of co-operative societies. Questions were asked in the British parliament.³ If another year were lost, the Government of India wrote to the Secretary of State in September 1903, 'public opinion will be distrustful of our intention to make serious progress in the matter.'⁴ Yet there was much to be discussed before legislation could be brought down. When the Report of the second Select Committee on the Bill was finally presented in March 1904, Denzil Ibbetson,⁵ the sponsoring Member, had to admit that there was 'hardly a provision of any significance in the Bill which some of our advisers do not regard as of

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1. Proceedings of the Council of the Governor of Bombay, assembled for the Purpose of Making Laws and Regulations, Vol.39, p.345, (23 August 1901.)
 2. Imperial Legislative Council Proceedings, 1903-1904, pp.396-401, (23 May 1904.)
 3. Hansard, Fourth Series, Vol.99, p.1200, (16 August 1901); Vol.110, p.690, (3 July 1903.)
 4. Viceroy to Sec. of State, Despatch No.44 (Rev.) of 3 September 1903. (I.O.L.)(Rev. Letters from India, 1903.)
 5. Denzil Ibbetson: Asst. Commr. and Settlement Officer, Punjab, 1870; Asst. Superintendent, Census, 1881; Dep. Commr., 1885; Member, Deccan Agriculturists' Relief Act Commission, 1891; Sec., G. of I., R. & A. Dept., 1894; Member, Viceroy's Council, 1899; K.C.S.I., 1903; Lieut.-Govr., Punjab, 1905 and 1907.

capital importance, and others condemn as a fatal defect.¹

The Bill was finally passed on 25 March 1904.

In the West, co-operatives had grown up with a good deal of spontaneity, and normally without the help of the State. In fact the British co-operative movement had had to struggle merely to obtain the privileges of legal registration, notably the right, as a body corporate, to sue members and officers. But the co-operative form of business organization was essentially foreign to India. The Indian ryot, it was obvious, was too poor and too ignorant to put it into practice on his own. Co-operation would therefore have to be actively fostered from above. In the Indian situation, it was believed, the only body suitable for this task was the State. What was required, then, was something more than the merely 'permissive' Act which had been contemplated both by Henry Wolff, with only his English and European experience behind him, and even by the 1901 Select Committee. But, as Ibbetson's admission showed, those who held power in 1904 were still by no means unanimous on the exact degree of State intervention required to set up co-operative societies.

The Registrar of Friendly Societies in England, under the Industrial and Provident Societies Act, merely had to legally register co-operative societies, (and other similar associations), and to warn against any dangerous tendencies

1. Imperial Legislative Council Proceedings, 1903-04, p.29,
(4 March 1904)

in their working. It gradually came to be felt that in India a Registrar's duties should include the actual organization of societies. At first, however, it was proposed simply to add to the duties of the Collector - to appoint him as 'Registrar' for his district.¹ This is what had occasioned the Collector of Nasik's outburst. Ideas changed before 1904. The notable Resolution which was published at the same time as the Act said that while the Collector and other Revenue officers could be of much help in the organization of societies, the Government of India attached 'much importance to the appointment of a special officer in each province to guide and control the societies, especially in the early days of the movement'. Each Local Government should appoint a Registrar, 'who should be selected for his special qualifications, and should, for the first few years at least, be constantly visiting societies and watching their progress.... Upon the selection of this officer the success of the experiment will very largely depend.' The Government of India believed, however, that gradually 'the fostering care of the Registrar' would be less required until his duties became 'purely official.'² In deciding to ask the provincial governments to appoint a special officer for co-operative work the Government of India made a choice which was to influence the

1. Select Cttee. Rept., 1901, p.5.

2. India, G.R., R. & A. Dept. (L. Rev.) No. 1-63-3 of 29 April 1904 published in Bombay Government Gazette, pt. i. 12 May 1904. The remainder of this section is based on this vital resolution; quotations are from it unless it is otherwise stated in the footnotes.

whole development of co-operation in India and, in fact, in many other Asian and African countries which have since copied the Indian model. The official Registrar, working out overall policy and intervening frequently in co-operative affairs, was to be no mere temporary phenomenon.

It was proposed to concentrate on the encouragement of societies for the supply of agricultural credit. It had been originally intended to limit membership to men of small means; membership was now thrown open to all, though precautions ought to be taken, the Government of India believed, against the Act's provisions being made use of 'by persons for whom they were not intended.' As the Famine Commission had intended, there was to be no declaration of war on the money-lender. Indeed Ibbetson, the driving force behind the operation of the Act in the first few years, hoped that 'money-lenders would in the end help the movement. They have often been unjustly abused as a class.'¹ (This latter sentiment was in consonance with the views which he had expressed much earlier in life in his Settlement Report - which was

1. Proceedings of the Conference of Registrars of Co-operative Societies held on the 25th September 1906 and the following days, p.9. Cf. Report of the Royal Commission on Agriculture in India, 1928, p.417: 'It has never been the policy of the State to impose restrictions on the financing of agricultural operations by private individuals. Such restrictions as have been imposed have all been designed to deal with agricultural indebtedness; if they affect the village moneylender, it is solely owing to the accident that he combines the financing of agriculture with usurious moneylending, which alone the restrictions are designed to control.'

really one of the first full scale anthropological investigations in India - on the Panipat Tahsil and Karnal Parganah.)¹ Co-operative societies were intended to make small, short-term loans for 'productive purposes'. The implication, as with the Famine Commission's proposal, was that the money-lender was to be left to handle long-term business and loans for the ever present and ever increasing expense of marriages and social life generally.

Unless the Local Government specially ruled otherwise, the liability of rural societies was to be unlimited; this, it was considered, would promote careful and watchful habits amongst the members of the village societies. Deposits from members and non-members were to be encouraged: there was a strong feeling amongst many that there was plenty of capital in the villages of India, which needed only to be prised out of its hiding-places. The object was to stimulate the Victorian virtues of 'thrift and self-help'. It was only when these virtues had been displayed, when, in fact, some deposits had been collected by a society, that Government would consider making it a loan, on a rupee-to-rupee basis, up to a maximum of Rs.2000. Such loans would not be granted automatically. They were to be given primarily as 'an earnest of the reality of the interest taken by Government in the movement'; it was not intended to grant loans to new societies indefinitely. It was hoped that urban societies, 'lending with the approval

1. See D.C.J.Ibbetson, Report on the Revision of Settlement of the Panipat Tahsil and Karnal Parganah of the Karnal District, 1872-1888, pp.110-111.

of the Registrar to rural societies', would soon come into being. In these provisions, the various influences of Henry Wolff and Duperne were obvious.

Societies were not to be permitted to make advances against standing crops: 'no form of security would be more unsuitable'. Competition in this particular preserve of the money-lender was therefore not intended, either. Transactions could be conducted in grain, however, as in Crosthwaite's experimental societies. After a great deal of argument it had been decided that loans against the security of jewellery should be allowed only in very special circumstances. The question of mortgages on land was 'even more difficult'. On the one hand it was obviously desirable that a cultivator should be able to substitute a mortgage upon reasonable terms for one that was on exorbitant terms; on the other hand, 'personal credit' was felt to be the basis of the short term loan system which was contemplated. Mortgages in India often led to court cases; it was 'above all things desirable' that societies should 'keep out of the law courts'. The final conclusion was that loans on mortgage should as a general rule be permitted, but Local Governments should be given extensive powers to prohibit or restrict such loans.

The Act was intended to be characterized by 'simplicity and elasticity'. Local Governments and Registrars were given a wide range of discretionary powers. It was hoped that the movement would 'neither suffer from the absence of that

official guidance without which a successful start cannot be hoped for in this country, nor be prevented by too much supervision and too many restrictions from attaining its full development.'

So ran the long and carefully worded Resolution which was sent to provincial governments and publicized widely throughout India.

The Co-operative Credit Societies Act of 1904 must be seen as fundamentally the result of significant changes in thought and attitude over a long period, changes which merely culminated in the legislative activity of Curzon's viceroyalty. Yet, even after these years of thought, men in India were very conscious that they were embarking on an experiment with a type of organization entirely new to the East. In the early days, the Royal Commission on Agriculture had to admit in 1928, 'the leaders of the blind were themselves often amongst the afflicted.'¹ And in 1904 there were many, in Bombay and in other parts of the country, who thought that the whole idea of co-operation in India was sheer folly. Duperne himself told the International Co-operative Alliance meeting in Budapest in 1904 that the general opinion in India was that co-operation would never succeed there.² There was certainly an almost complete lack of knowledge of co-operation

1. R.C. on Agric. Rept., p. 444.

2. See H.R. Crosthwaite, 'Recollections and Reflections', in B.C.Q., June 1917, p.16.

in the districts of India. As an early Bombay Registrar said, perceptively, 'the truth is - we were talking of "Agricultural Banks" and we have been landed with "Co-operative Societies" '.¹

But the Government of Bombay, which had so recently scoffed at the very idea, was prepared to acquiesce, if only temporarily, in such 'signs of the times' as the Co-operative Societies Act. Its Gazette of 14 July 1904 announced the appointment of 'Mr. J. McNeill, I.C.S., to be Registrar of Co-operative Societies, Bombay Presidency.'²

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1. C.S.Campbell to G. of B., (through Director of Agriculture) No.1464 of 17 October 1907. (Poona, Decentralisation.)
 2. Bom.G.R.R.D. No.5269 of 11 July 1904, published in Bombay Government Gazette, pt.i. 14 July 1904, p.962.

III

T W O P I O N E E R S

(1904 - 1911)

James McNeill, it will be remembered, had been the only Collector in 1901 to write both fully and favourably on the prospects of co-operative societies. Like a good many others in the Indian Civil Service, McNeill was an Irishman. Largely through the influence of his brother John (Eoin) McNeill, Professor of Irish History at Dublin and for a time a Sinn Feiner, he was eventually to be drawn from the Indian Civil Service and into Irish politics. He finished his career as Governor-General of the Irish Free State from 1928 until 1932, finally being removed from office by de Valera.¹ It was his connection with Ireland which drew him into co-operative work at the beginning of the century. An annual report of the Irish Agricultural Organization Society, the organizing body for Irish co-operatives, had been amongst the papers circulated to Collectors in Bombay in 1901.² McNeill must have noticed this. Realizing that co-operative societies were coming in India whether the Bombay Government liked it or not, he utilized part of his leave in 1901-02 to learn something of the societies which had been set up in his homeland. He

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1. Mary C. Bromage, De Valera and the March of a Nation, London, 1956, p.242. McNeill's career after he left the I.C.S. was as follows: Chairman, Dublin County Council, 1922; High Commissioner in London, 1923-28; Governor-General, 1928-32. His brother Eoin became a supporter of Cosgrave; this was obviously the real reason for James McNeill's removal from office in 1932.
 2. Encl. Bom. G.R.R.D. No.2110 of 29 March 1901. (Poona, ADM. S.O.7.)

visited Horace Plunkett, the 'apostle' of Irish agricultural co-operation, and, becoming caught up in the prevailing enthusiasm, helped in the work of the Organization Society.¹ Writing to Plunkett in 1931 and 1932 he maintained that there was an 'unbroken thread' between his early interest in the co-operative movement in Ireland, his work in helping to found the movement in India and the credit given to him for this, and his position at the Viceregal lodge, which he obviously held so proudly.² It seems rather pathetic that, in fact, by this time he was no longer trusted by a great many Irishmen, and probably also not trusted by many Englishmen.

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1. McNeill to Sir Horace Plunkett, 24 November 1931, 8 January 1932, Plunkett Papers, (Horace Plunkett Foundation, London). The Plunkett papers give some interesting sidelights on McNeill's career; e.g. in 1917, when his brother was in jail, he wrote to Plunkett 'I still have no wish to engage in political controversy, but I owe it to my brother and to my own convictions to omit nothing which may secure his release.' (7 June 1917). In 1930 Plunkett visited McNeill in the Viceregal Lodge: 'There was an I.O.A.S. meeting. Then lunch, tall hat, Horse Show w. Their Exs. and Lord Thornton, sitting in the Vice-regal Box. Being stared at, & what memories'. (Plunkett's diary, [no date given], quoted Margaret Digby, Horace Plunkett, an Anglo-American Irishman, p.278.) Other letters express McNeill's despair at the growth of religious intolerance and of 'ignorant laziness' in Ireland.
 2. McNeill, letters cited. Writing to Plunkett, 24 November 1931, he said that as a result of their meeting in 1901-02, 'the Indian Government asked you, too late, to help them with your advice. The then Private Secretary of the Viceroy (Hardinge) was my personal friend.' Hardinge was certainly not Viceroy at the time of the passing of the Co-operative Societies Act, if this time is meant. Under Hardinge, however, McNeill was undoubtedly in favour - 'an able Indian Civil Servant'. (Hardinge, My Indian Years, 1910-1916, p.73.)

But in 1904, as a humane liberal, on very sympathetic terms with leading Indians,¹ as an avowed optimist about the chances of success of co-operative societies in Bombay, he, with his Irish experience, was the obvious man to appoint as Registrar.

In appointing McNeill the Bombay Government showed that, in spite of its previous disagreements with the Government of India, it was now prepared to give co-operative societies a reasonably fair trial. Of course, a good deal of scepticism remained, particularly amongst the men out in the districts. And at first it seemed as though this scepticism was going to be justified. McNeill's first Report² makes rather dismal reading. He failed to start any societies at all during the season. Admittedly it was a bad season, and McNeill had taken up his position when the season had already begun, and basic loans had been obtained from the money-lenders. Admittedly he had to spend much of his time at the beginning gathering a staff around him, obtaining office accommodation in Poona, and in drafting model by-laws and leaflets and having them translated. But McNeill seems to

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1. It is significant, for instance, that he and Dr. Harold Mann were the only Europeans on the first Governing Board of the Ranade Industrial and Economic Institute. See pamphlet, The Ranade Industrial and Economic Institute, in the Servants of India Society Library, Poona.
 2. Annual Report relating to the Establishment of Co-operative Credit Societies in the Bombay Presidency during the year ending 31st March 1905. Hereafter, Bombay Co-operative Annual Reports will be foot-noted simply as Rept., 19-- the year given being that in which the period under review ended.

have realized fairly soon that the task before him was rather more difficult than he had thought when he wrote in 1901, as Acting Collector of Poona.

According to the grandson of an early co-operator, McNeill, 'having lost all hopes of organizing any society',¹ went down to Betigeri-Gadag, in Dharwar District in the Karnatak. There he met Canon C.S. Rivington, an Anglican missionary who seems to have instilled new hope in him. Eventually Rivington, together with an Indian friend, Shivaji Ramchandra Kulkarni, organized the first co-operative society in the Bombay Presidency, the 'Kanaginhall Agricultural Co-operative Credit Society, Unltd.', in Gadag taluka. The patel of this village, Shiddangavda, was a man of influence, and later helped in the organization of several other societies in the surrounding area.² So it was by no means an experiment by a little group of Christians. Rivington and Kulkarni were both to be important men in the co-operative movement in years to come. They had first worked together during the plague of 1896. Rivington came from the family which had been publishers to the Tractarians; he seems to have been a most devoted and humble man, respected by all communities.³ There were not many conversions in the Karnatak in his time; he felt, however, that his work for co-operative societies and

1. H.M.Kulkarni, 'A Peep into Pioneering Days - Shri Shivaji Ramchandra Kulkarni and Shri M.S.Kulkarni', in B.C.Q., July 1954, p.74.

2. Rept., 1906, p.4.

3. Information from the Ven. S.A. Mara, Hubli.

in the Municipality was justified as a method of 'showing our interest in our neighbours';¹ in this respect he seems to be a precursor of the more modern missionary outlook.

McNeill himself was posted on special duty as Acting Collector of Dharwar between the months of May and August 1905 (early Registrars were liable to be regarded as reserve strength whose services could be called upon if necessary for ordinary revenue work.) When at last he found time to write his report for the year ending 31 March 1905 he could say that eight societies had been registered in Dharwar District since the close of the official year; in five of these 'the work was being carried on excellently.'² At the end of March 1906 there were thirty one societies registered in the Presidency; of these, ten were working satisfactorily.³ But the Punjab Registrar had in the same year toured one district and had registered sixty five societies there alone.⁴ In some ways, he thought, 'encouraging thrift among the Punjabi peasants might be likened to bringing coal to Newcastle.'⁵

It was clear that some fundamental thinking had to be done on the question of co-operative societies in Bombay. It is to McNeill's credit that he did a good deal of this fundamental thinking. It did not bear fruit in a succession

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1. Rivington, 'Report for the year ending 31 October 1909.'
(S.P.G. Missionary Reports Received, 1909, Reference 31)
 2. Rept., 1905, p.5.
 3. Rept., 1906, p.2.
 4. Annual Report on the Working of Co-operative Credit Societies in the Punjab for the year ending 31st March 1906, p.2.
 5. Punjab Report, 1907, p.3.

of breezily written letters and reports, as did the thinking of his successor, C.S.Campbell. Nevertheless, it had some practical results.

McNeill very soon came to the conclusion that the Government of India's idea that at the beginning societies should not be hampered by too many rules was a false one as far as the Bombay Presidency was concerned. 'Village communities, so far from resenting restrictive rules, are timid about undertaking responsibility without directions as to its exercise.'¹ There should be no ambiguity about rights and duties, otherwise few would join the societies. And so detailed model rules for societies were drafted, on the lines of those McNeill had known in the Irish Agricultural Organization Society.² India, of course, was not Ireland; this was not the first time, however, that it had been found that conditions in the two countries could usefully be compared.³ The Government of Bombay were a little doubtful as to the correctness of McNeill's policy with regard to model rules;⁴ nevertheless his rules served as a good basis for some years.

McNeill also decided that it was of little use relying to any great extent on the Collector and his revenue officers in each district to organize societies. He felt from his own experience at Poona and at Dharwar that the collector

1. Rept., 1905, p.2.

2. Ibid.

3. Cf. Stokes, The English Utilitarians and India, p.122, n.2. on the Irish Land Acts.

4. Bom., G.R.R.D. No.351 of 13 January 1906, on Rept., 1905.

himself often had quite enough to do in getting through his work in the law and order realm - though it might be added that there was probably a good deal of truth in the Government of Bombay's oblique comment on this attitude: 'It is frequently, if not generally, the officer who is keenest in his ordinary work who finds time for interesting special work'.¹ But it was certain that the Registrar himself could not personally foster each society. 'Even when the people [of a village] are anxious to have a society and are willing to subscribe capital they expect to be gently pushed through every step and to be given a little breathing time between successive steps.'²

So McNeill evolved a system of 'Honorary Organizers' of Co-operative societies. Honorary organizers were to be non-officials who lived in the mofussil areas, usually men with some education and leisure and of some standing in their communities, who would volunteer, as a social service, not only to organize societies but also to keep a friendly eye on them once they had been started. They were to receive no pay, but were to be given a travelling allowance on a reasonably generous basis. In the villages, he claimed, 'their advice comes not as an official proposal but as a friendly suggestion to listeners usually prepossessed in favour of the adviser.'³ The use of Indian honorary organizers in the co-operative

1. Ibid.

2. Rept., 1905, p.4.

3. Rept., 1906, p.7.

movement made Bombay in this respect practically unique amongst Indian provinces for some years. Wilberforce, the Punjab Registrar, saw little need for them.¹ This was perhaps not only for the reason that he was quite successful without them; there is evidence that the Punjab Government feared that once it released its paternalistic grip on co-operative societies, which of course were in competition with Hindu money-lenders, they could well become Muslim anti-Hindu organizations.² In Bengal the honorary organizers were frequently Europeans;³ there may have been semi-political fears behind this state of affairs, too.

The changing position of honorary organizers in the movement in Bombay, and the changes in the sorts of people who were asked to become organizers, together make up one of the most important and most interesting themes of co-operative history over the next twenty five years.

McNeill's first three honorary organizers were all retired Deputy Collectors. It was difficult to obtain men of this type, however; several retired Deputy Collectors declined to help, not unreasonably. One of those who did offer his services, Motilal Chunilal, wrote: 'I do not know of any

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1. Proceedings of the Conference of Registrars of Co-operative Credit Societies held at Simla on the 25th September 1906 and the following days, p.10. The proceedings of Conferences of Registrars are hereafter foot-noted as Regrs. Conf. Procs., 19--.
 2. See note of P.J.Fagan, Offg. Financial Commr., Punjab, 21 October 1913, attached to Punjab Rept., 1913.
 3. See Report on the Working of the Co-operative Credit Societies in Bengal for the year 1906-1907, p.26.

private gentleman who would sacrifice his time and forego his rest in old age to undertake a laborious work which also requires a special study of the subject, another item of labour.' Motilal Chunilal suggested to McNeill that retired Mamlatdars might be willing to take up the work, in the hope, he added shrewdly, of being given some titular reward. McNeill had told him that honorary organizers should not be of lower rank than retired Deputy Collectors.¹ McNeill's successor as Registrar was to spread his net wider in his search for non-official helpers.

If Collectors wished to start co-operative societies in their districts themselves, they would have to be prepared to continue to give their active support long after societies had been founded. It was apparent that continuous guidance had not been given in some areas, particularly in Gujarat. Motilal Chunilal found the five Kaira societies which he was asked to visit first in a sad condition. 'At all these places I was told by the people that these societies were started by the advice of Government officers, but they did not expect success, owing to want of funds and the displeasure of the Saukars.'² The mere 'registration' of societies by an over-diligent Collector, keen on making an impression in the ever more statistically minded post-Curzon era, was of little use.

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1. Motilal Chunilal, 'How can the assistance of non-officials be obtained?', in Proceedings of the Co-operative Conference held in Bombay, December 15-18, 1908, p.37. Hereafter the titles of the proceedings of such conferences are abbreviated in footnotes to Prov. Co-op. Conf. Procs., 19--.
 2. Ibid., pp.32-33.

The supply of funds - and their recovery from recalcitrant debtors: on these two subjects McNeill's thought was briefly but unambiguously expressed. The 1904 Government of India Resolution on co-operative societies had promised a loan to deserving societies, on a rupee-to-rupee basis, up to a maximum of Rs.2000. McNeill found that this sum was insufficient; the amount which villages could subscribe to qualify for this grant was 'only a fraction' of the amount required to finance the year's agricultural operations.

'I think that if less importance be attached to stimulating thrift and effort and more to testing the capacity of village communities to manage funds raised on their joint credit the results of the first few years' working may be much more valuable.'¹ Here, in fact, was a direct challenge to the philosophy behind the Co-operative Societies Act. The question of summary recovery came up at the Registrars' Conference held at Simla at the end of September 1906. Should the societies have to go through the long processes of the Civil Courts in order to recover their debts? Charriar, the Madras Registrar, thought summary recovery would be 'needless, harmful in the long run and probably illegal.' McNeill countered by demanding the right of summary recovery as 'both necessary and desirable.'²

In these utterances, both made just before he

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1. McNeill to Govt., No.996 of 13 September 1906, encl. Bom. G.R.R.D. No.11378 of 1 December 1906. (Poona, Spare Copies).
 2. Regrs.' Conf. Procs., 1906. p.16.

relinquished his post as Registrar, McNeill was setting the tone for much of the controversy that took place during the career of his successor.

There was one further aspect of his work in which McNeill was particularly interested. This was the redemption of old debt. Wedderburn's idea had been totally to 'redeem' the ryot's long standing debts, to lift the whole load of debt from the ryot's shoulders. In Bombay the desire to do something in this direction lingered on in men of generous mind. Thus, although the Government of India had made it clear that, at first, co-operative societies should try to confine their activities to making short term loans for the immediate expenses of cultivation,¹ McNeill was soon issuing a circular saying that 'Societies which have had a year's experience and have gained some confidence in the management of their affairs should seriously consider how they can help their members by redeeming old debts of members'.² McNeill was trying to follow in the steps of Wedderburn.

C.S.Campbell took up the position of Registrar in October 1906. He was a younger man than McNeill; since his arrival in India in 1899 he had been Assistant Collector and Special Famine Officer in Satara, working in the thick of village life, and Assistant Collector and Personal Assistant

1. See India G.R., R.&A. Dept., (L.Rev.) No.1 - 63-3 of 29 April 1904.

2. McNeill, Circular No.5 of 26 April 1906. (Poona, Original Circulars, I.)

to the Collector in undivided Khandesh. He had not been out of India since he had arrived, having spent four months' privilege leave in Satara, possibly doing voluntary work of some sort.¹ He once wrote that he was twice asked whether he would like the post of Registrar, and on both occasions he had refused it. 'I was informed, however, later, that I was to study under and take over from Mr. McNeill.'² This was not, it might seem, a particularly promising beginning. But Campbell's attitude in this matter was not one of sullen compliance. 'I entered a free billet; and began to identify myself with it.'³

Charlie Campbell was, one feels, one of the last examples of the Tom Hughes variety of 'Muscular Christianity.' A strong, utterly fearless man, he had a warm susceptible heart and was immensely moved by poverty and misery. He gave away a considerable portion of his salary as private benefactions; he was always to be seen followed by a troop of small Indian boys, orphans, whom he was 'educating'.⁴ He brought to bear on the co-operative movement what can only be described as a missionary spirit; indeed, it is not surprising to find that he, like McNeill, retired early from the I.C.S. - he to become a Christian missionary. Campbell was a superb linguist.

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1. Campbell's draft 'Statement of Career' for the Decentralisation Commission, 1907. (Poona, Decentralisation.)
 2. Campbell's draft 'Memo on the position of the Registrar of Co-operative Societies.' (Poona, file cited.)
 3. Ibid.
 4. Information from his nephew, Brigadier Lorne Campbell, V.C., Sir Robert Ewbank, Sir Stanley Reed, and Dr. Harold Mann.

To quote the words of a fellow officer: 'He could even speak Marathi with the inflections of (say) Satara, Nasik or the Desh, and was familiar with the shades of dialect of unlettered rustics.'¹

On the face of it, then, Campbell was an ideal man for the position of Registrar. But was he? In Campbell, one fears, pity was combined with a certain amount of gullibility. His undoubted brilliance was of the erratic variety. Single phrases or sentences from his writings read better than the strangely punctuated whole. His tremendous energy was combined, as it sometimes is in the Christian of his type, with great personal sensitivity. He simply did not fit in with the more hard headed and the more thick skinned of his fellow officers.

But we must be thankful that the energy of the man, coupled with his occasional prickliness, have left us with a mass of reports, memoranda and long plaintive letters which, put together, give us an extraordinarily valuable picture of the co-operative movement in its early days in Bombay.

At least two hundred days of Campbell's year were spent in touring. This was not the normal sort of touring which the District Officer indulged in; the whole Presidency

1. Letter to the author from Sir Robert Ewbank.

was the Registrar's territory. 'The pace one has to go', commented Campbell, 'is certainly telling, if not killing.'¹ Such travel involved 'stays where expedient and possible; in village or city (or Railway Station!)'² Yet not all Campbell's touring difficulties need to have been faced. The fact was that virtually nothing was planned in advance. 'The 3 months during which I travelled round with him learning the job', his successor R.B.Ewbank has written, 'were the most uncomfortable of my life....We used to arrive at some wayside station, waste an hour in getting transport for our very meagre kit, find the dak bungalow occupied, go and sleep in a bug infested chora (chavdi), make our supper on some baked beans out of a tin and so on. There was no necessity at all for all this, - very bad for health and temper. But he just smiled and neither complained nor tried to plan things properly.'³

Campbell always combined his visit to a village co-operative society with a visit to the local school: 'unfortunately school education and methods of teaching have often little in common with co-operative ideas', but still, education, he believed, was a necessity if co-operation was to succeed on a wide scale.⁴ He preferred, in fact, to sum up his work 'in the general language of education; rather than in

1. Rept., 1907, p.1.

2. Campbell, Memo.A, Draft Evidence for Decentralisation Commission. (Poona, file cited.)

3. Letter to the author from Sir Robert Ewbank.

4. Rept., 1907. p.11.

statistics and in figures of "finance".¹ And indeed one has to search quite extensively in his reports before one finds that there were about 300 societies,² many of them not very sound, at the end of his period as Registrar, in 1911, as compared with thirty-one when he took up the position.³

The committee of a society, Campbell wrote, was 'generally composed of men who (so it would seem from a distance) have naturally fallen into their places....Committees or Panches (for such they may often literally be) exist ipso facto in the body of villagers assembled.' To the villager, 'the process of popular election is hardly comprehensible in theory, and superfluous in practice. As long, then, as we get honesty we need not press for technicalities and strict compliance with Western formulas.'⁴ Campbell worked with the leading men of the village considered in terms of caste, wealth and prestige. What might be called the 'hinge group' between the government and the village people in the organization of co-operative societies was not always the same as that between the government and village in the normal course of administration. 'The old Maratha proverb classes the Kulkarni with the Sonar and the Shimpi as one of those who take their perquisites on the way....The better village officers, of course, are ready enough to help: but we must

1. Rept., 1910, p.2; cf. Rept., 1907, p.1.

2. Campbell gave up the position at the end of November 1911. The figure for March 1911 was 252, (Rept., 1911.p.3), and, for March 1912, 368, (Rept., 1912, p.20)

3. Rept., 1907. p.3.

4. Ibid., p.10.

reckon with all sorts of hosts: and in a village the Patil and Kulkarni assuredly are such. We are practically re-introducing the "Panch" system and courting, in part, opposition from the Patil'.¹

This is not to say that the kulkarni in the Deccan and the talati in Gujarat were not extensively used as secretaries. But sometimes the committee of a society was persuaded to appoint the local schoolmaster as secretary. As the children from all factions usually went to the school, it was in the schoolmaster's interest not to become connected with any one of these factions. On the whole, he was probably trusted by the villagers more than the kulkarni. The secretary was usually paid. Sometimes, as in Satara, the only way of raising enough money so as to be able to employ a literate secretary was to give such a person the oversight of several societies.²

'The General Body meets sometimes; but it is seldom met.'³ They were, of course, usually out in the fields at the time of day the officer normally chose to make his visit. Only by staying overnight in the village could the visiting government officer hope to make much contact with the members of a society. 'The Secretary and Chairman may suffice for ordinary questions,' wrote Campbell, 'and the books may

1. Regrs.' Conf. Procs., 1907, pp.30-31. Cf. Rept., 1907, p.8

2. Rept., 1910, p.4.

3. Campbell, 'Note on how far officials should take any part in organization or supervision', composed for Agriculture Department subordinates. (Poona, Subordination of Regr. to D.A.)

reflect the Societies [sic] work and use.'¹

Campbell drew a distinction between what he termed 'aristocratic' societies and what he termed 'democratic' societies.

In 'aristocratic' societies there were, generally, 'one or two big men of the village' who to a very large extent controlled the society. They supplied the capital; the more they supplied the more the society obtained from Government under Campbell's system of almost automatic subsidies on a rupee to rupee basis up to the maximum laid down by Government - Rs. 2000. The leaders themselves were usually non-borrowers; 'all the lower villainage [sic]...being more or less of a dead level in their sight' naturally joined as soon as patronage was extended. The patrons became the leading committee members. Their policy was never questioned; they were re-elected from year to year. In these societies a secretary was easily found; the accounts were well kept, at least formally.

'"Democratic" societies on the other hand,' wrote Campbell with obvious sympathy, 'begin sometimes very near or actually on the lowest round - minimum of members (ten), all borrowers (though solvent), no deposits, dependent on an outsider for writing accounts, entrance-fee absent (by preference) redemption of usurious old debts a first claim on the Society. Such little groups of little people, which come clamouring for

1. Ibid.

recognition, are by no means confined in each case to a single caste: but the members forming each are closely knit together....Honesty and honour seem natural to many of them, but their very equality of status and finance makes exercise of authority and discipline (by the "Panch") more difficult: and it requires a strong "Secretary" from without to keep them business-like.'¹

There were, of course, various intermediate stages between these two types. One or two interesting cases had occurred, Campbell reported in 1910, where societies had partly changed their character. The original depositors had been required to guarantee, before the government subsidy was given, that they would leave their money in the society for five years. But the five years now being up, they had 'withdrawn their deposits in a body....The ab initio chairman has ceased to initiate, demagogues have entered the Select Committee ...one of the equals may become an autocrat.'²

'Factions', which grew up in the village as a result of disputes over land or over a dowry, or over such matters as an offence against caste, frequently made themselves felt in co-operative societies. A single man - a saukar, a kulkarni or a patil - might be responsible for fostering dissension.³ One of the most common problems was that of the small saukar. A man who had money to deposit in a society ipso facto

1. Rept., 1910, p.9.

2. Ibid., p.10.

3. Rept., 1907. p.5.

presumably had money to lend.¹ The agriculturist who was also a money-lender could easily become a member of a society. In one of Campbell's societies two or three committee members were creditors and opposed loans to their debtors to redeem their debts.² 'I think the proverbial Bania might be preferred to the moneyed agriculturist', wrote Campbell.³

A fair number of Campbell's urban societies were formed on the basis of membership from one particular caste. Most caste societies were for such poor and lowly people as weavers, sweepers and tanners, though a successful society of Saraswat Brahmans was formed in Bombay. In the villages, it was 'rather a matter of distinction to have a few low caste men on show with their receipt books, to show the amount of loan they have received.'⁴ But the 'aristocratic' societies usually resented the presence of more than a few low caste men; one society in Surat district, for instance, insisted, in some ways perhaps not completely unjustly, on higher interest rates for low castes if they were admitted.⁵

Such problems might eventually bring about the failure of a society. But the end of a society might eventually come from 'mere inertia or ergo-phobia; death by dying as it might be called. In such cases it is probably best to remove the corpse by "cancellation", to prevent neighbours being put

1. Ibid., p.6.

2. Rept., 1908. p.6.

3. Ibid., p.5.

4. Rept., 1907. p.5.

5. Rept., 1909. p.12.

off by the putrefaction.'¹

Campbell came to the heart of the problem of credit co-operatives in his Reports for 1908 and 1909. Put simply, it was that the ryot was extremely reluctant to repay his loans from the society. To a large extent this was not because of any essential dishonesty. It was mainly because he persisted in regarding the co-operative society simply as another money-lender. With the large increase in his debt over the decades the idea of repayment of principal as well as interest had become foreign to the ryot. According to Campbell, the so-called 'agreement' between debtor and creditor in the village, which Westerners considered to be almost sacrosanct, because it was in writing, was really 'that the debtor will get as much and repay as little as possible. The settlement is a working out of this agreement.'² This view was carried over into the co-operative field. A good many ryots preferred the perpetual tussle with the saukar to the cut and dried methods of the co-operative society. And furthermore, the co-operative society, as a business organization, with very real responsibilities to all its members, could not possibly give the same easy accommodation to the villager in the matter of loans as the individual saukar could give. It might grant a lump sum at sowing time, to be paid back, as a lump sum, at harvest time. But in the meantime a child might

1. Rept., 1907. p.5.

2. Rept., 1908. p.5.

be born, there might be a wedding, a cow might die, the crop itself might fail. The saukar could grant a new loan and an extension of time, while, of course, raising his interest rates;¹ the society could not possibly do so while keeping its rates at a modest (for India) nine per cent.

Could the co-operative society hope to beat the saukar at his own game? Campbell believed that it could - given state assistance. This assistance would take the form of adequate government loans to societies at the beginning, and means of recovery of debts by summary procedure if necessary. Campbell claimed that he did not hold out the possibility of a government loan in order to persuade people to set up societies;² he did tend, however, to grant almost automatically a government loan as soon as a society had collected deposits.³ But Campbell felt that the very condition that there must be deposits from members was wrong. In 1907 he was writing that it was not easy to understand 'how a man who is already in debt, has current calls on his cash (e.g. at assessment time), and wants further loans, can deposit any money whatever with profit or with propriety.' Even if a man by chance had a little money hidden away, Campbell added, he was not always ready to 'give himself away to his Saukar' or to weaken his case for revenue remissions or suspensions by displaying it in the form of deposits in a co-operative society.⁴

1. Rept., 1909, p.9.

2. Rept., 1910, p.15

3. Regrs. Conf. Procs., 1911, pp.4-5.

4. Rept., 1907, p.6.

But it was fairly certain that the members of the Satara societies had no money hidden away. Theirs was a particularly hard and famine ridden existence. The story of the formation of the Satara societies is typical of Campbell. In 1908 there was plague in the Satara district. Campbell was sent down on special duty to help with inoculations. His sympathetic personality made itself felt amidst 'the inevitable hustling and heckling' of the Deccan villages. Everywhere he went, he claimed, he was asked for help, for 'a society'. He decided on a new policy. Overnight almost, the number of societies 'registered' in the Bombay Presidency nearly doubled. At the beginning of the co-operative year there were sixty nine societies; at the end 145.¹ Campbell seems to have believed that by registering these Satara societies and thus confronting Government with a fait accompli he could force Government to grant large loans to the societies.² But Government loans on the scale Campbell had hoped for were not forthcoming. The Government of Bombay was able to obtain from the Government of India a slight relaxation of the equal deposits rule in certain special cases, but in practice most of the Satara societies failed to obtain loans.

What Campbell had in mind, in fact, was 'the total transference of tagai [Takkavi] to the "Co-operative" Department.' He compared co-operative societies with local bodies. Government had not waited until local Boards had become more

1. Ibid., p.2.

2. Rept., 1908, p.8.

'polished' before trusting them with money. With supervision, these organizations managed to 'get on, more or less.' Similarly co-operative societies, given supervision as well as money, would 'get on'. It was quite obvious that what the people needed was money. Government had the money. It was as simple as that. 'We shall do more good perhaps in the East if we take people as they stand and help them where they are.'¹ But the Government of Bombay was not going to make the radical alterations in its administrative and financial structure which Campbell suggested - certainly not while the Government of India continued to see State aid to Co-operation in any form as little more than a necessary evil, and certainly not while the impetuous and comparatively young Campbell stood at the head of the Co-operative Department.

In 1910 Campbell was still complaining, with truth, that the conditions attached to loans from Government tended to encourage the formation of societies of the 'aristocratic' kind, but that they had 'directly opposed the initial progress of democratic societies.'²

There seems to be little doubt that the co-operative societies were placed at some disadvantage when it came to recovering unpaid debts. Under the Co-operative Societies Act a society, in the event of a debtor's refusal to pay a debt, had no final resort except the Civil Court. The burden and the

1. Campbell to Govt., No.494 of 28 February 1908. (Poona, Decentralisation.)

2. Rept., 1910. p.10.

cost of suing in a Civil Court and of having the Court's decrees executed, were, Campbell thought, enough to break a society. Yet it was argued by some that it would not be right to give co-operative societies privileges which others did not have. That would savour of 'favouritism'. 'I cannot help thinking that a point of view starting on these lines will end finally by logical procedure in negation of government altogether,' replied Campbell. 'Surely it is one of the highest privileges of Government to favour the good and disfavour the evil.' It was also said that societies should not be 'pampered.' 'But children and plants die without care,' wrote Campbell, 'and grown-ups too for that matter.'¹ It was foolish to say that societies should rely only on 'moral pressure' to recover their debts. 'It is almost as though one argued (after reading some treatise on the "family"... or the like) that as the family should obviously be based on piety...no provision against impiety was required.'² Summary procedure was the only answer to the societies' problems in this matter, Campbell believed. Summary procedure pervaded the administration of India.³ And by 'summary' Campbell meant anything 'on the spot' as opposed to 'an extraneous something that takes a long time in coming'. It could be decision and execution by a Revenue authority; it could mean decision and execution by the society itself - 'by Panch' as

1. Campbell, Note 'On the Question of summary-procedure for the recovery of co-operative societies' dues', in Regrs. Conf. Procs., 1907, p.28.

2. Regrs. Conf. Procs., 1908, p.29.

3. Ibid., p.28

Campbell termed it.¹

Campbell's complaints about Government's attitude on these matters - and his complaints on several other more personal questions - came to a head with the enquiry promoted by the Royal Commission on Decentralisation in 1907.

On the first government notification of the appointment of the Commission Campbell had written 'I suppose this hardly affects us at all.'² A later Bombay Government circular invited officers to submit 'lists of all cases in which they have to refer to this Government, or through them to the Government of India, for orders which they could, in their opinion, more suitably give themselves without submission to higher authority.' 'Have we anything whatsoever?' Campbell asked his Head Clerk.³

Later, however, Campbell had fresh thoughts, prompted by a sense of personal grievance. Was there not very close at hand a situation where decentralisation was necessary? Was it not intolerable that his own reports and letters to Government should have to 'pass wholesale through, or filter through, the Director of Agriculture' and be subjected to 'journalistic criticism' on the way?⁴ His feelings

1. Ibid., p.27.

2. Campbell, Note, undated, written on his copy of Bom. G.R. General Dept. No.5307 of 28 August 1907. (Poona, Decentralisation.)

3. G. of B., General Dept., Circular No.5731 of 20 September 1907, and Campbell's note, undated, written on it. (Poona, file cited.)

4. Campbell to Govt., (through D.A.), No.1464 of 17 October 1907. (Poona, file cited.)

were hurt further when, by an error, he was described as 'Acting Registrar' in a list of witnesses to be heard by the Decentralisation Commission.¹

What had happened was this. McNeill had reached the Collector's grade when he was appointed Registrar and was in no way subordinate to the Director of Agriculture. In July 1906 the Government of Bombay suggested to the Government of India that, as the first steps had been taken in the matter of co-operative societies, it was no longer necessary for the post of Registrar to be filled by a man of full Collector's status. This was perhaps an indication that the Government of Bombay attached no great importance to the post; nevertheless the Government of India and the Secretary of State agreed to the proposal in December 1906. Accordingly, Campbell was, in January 1907, formally appointed to be Registrar - to work 'under the control of the Director of Agriculture and of Co-operative Credit Societies.'² But Campbell had been given an acting appointment in October. He said that there had been no allusion to the coming arrangements in the note ³ which he received at that time. Campbell claimed that the 'first definite intimation' he had received of a 'complete change' was a demi-official order from Government, some time after

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1. Campbell to Govt., No.1766 of 21 December 1907. (Poona, file cited.)
 2. Viceroy to Sec. of State, Despatch No.11. (L.Rev.) of 16 April 1908, and enclosures. (I.O.L.; Rev.Letters from India, 1908.)
 3. The author has been unable to trace this.

the permanent appointment had been made, directing him to report in future through the Director of Agriculture.

Campbell felt that principles were involved. 'Minimize the man on the spot', he wrote, 'and co-operation may run to theory and die....When I desire to encourage I want (because the people need) - expedition, replies in no uncertain voice, and definite promises - from myself. Even if such are not required for general administration, yet assuredly are they when it is a matter of getting the down-trodden to trust, the suspicious to work, and the poor to stake their all in a strange device of government.'¹

This protest had no effect. So Campbell produced - with profuse 'humble' apologies for its length - a collection of 'Notes' and 'Memoranda' for the Decentralisation Commission. His memorandum 'On the position of the Registrar of Co-operative Societies, Bombay', featured, of course. Practically the whole of the administrative system of the time is covered. Campbell wrote much on the uselessness of the office of Divisional Commissioner, on the necessity of keeping a Civilian in one language area, (as Registrar, he had to cover three language areas), on the necessity of giving each Collector a Personal Assistant, on the folly of the prevailing government hankering after the numerical in reports. After his usual complaints about the lack of facilities for summary recovery

1. Campbell, Draft Memo. for Decentralisation Commission, 'On the position of the Registrar of Co-operative Societies, Bombay.' (Poona, Decentralisation.)

by co-operative societies he moved on to his proposals for co-operative societies.

'I think in time the function of Co-operative Credit Societies, if they do their work well, may be extended with advantage.

For instance - school board, agricultural schemes, management of water-courses, and even collections of assessments or arrears are all things that might come (in whole or in part) within their purview at some future date.'

More immediately, he suggested that co-operative societies should be given charge of all takkavi operations under an extension of the system of 'joint-takkavi.'¹

Campbell did not develop these themes. It was, however, his single heading, 'Reintroduction of the "Panch" system through the medium of Co-operative Credit Societies' which most interested the Decentralisation Commission when they came to hear Campbell.²

It was only a heading which the Decentralisation Commission had to go on. For, much to its author's discomfiture, 'Mr. Campbell's omnibus report'³ had been returned in toto to him by the Bombay Government as 'not likely to be of the kind wanted by the Commission.' Instead, he had been

1. Campbell, Draft 'Note B' for Decentralisation Commission. (Poona, file cited.) Under the 'joint-takkavi' system money was lent by Government to a village or a group within a village.
2. R.C. on Decentralisation, Mins. of Ev., P.P.1908, (4367); xlv, 91-93.
3. An Under-Secretary's note, 3 April 1908. (B.R.O., R.D. Vol.80 of 1908.)

asked to submit mere headings of his seven main points.¹

In its final Report the Commission rejected the suggestion that 'panchayats should come under the Registrar of Co-operative Societies'². In the meantime, however, Campbell found himself 'accused', so he wrote, of having started such a heterodox idea. This provided an occasion for Campbell to re-submit the whole of his Report. He had not, he claimed, said that panchayats should be bound up with the Registrar of Co-operative Societies as a person - 'a policy which looks to me on the face of it more or less disastrous'. He had merely pointed out the connection which should exist between panchayats and the co-operative movement as such. He went on to claim that he had advocated the extension of rights of summary procedure to co-operative societies 'qua panchayats' - though, in fact, it would seem that he had not done so either in his report or in his oral evidence. Government had already advocated, he said, summary procedure in connection with panchayats.³

Campbell's treatment was actually not quite as severe as he imagined; Lamb, the Bombay Revenue Member⁴, it would

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1. Campbell to Govt., No.646 of 15 March 1908. (Poona, file cited.)
 2. R.C. on Decentralisation., Rept., P.P. 1908,(4360); xliv, 240.
 3. Campbell to Govt. No.646 of 15 March 1908.(Poona, file cited.) He quotes, on the judicial powers of panchayats, Bom. Judicial Dept. to G.of I. No.1675 of 1 April 1905.
 4. Richard Lamb: Asst.Collr.,Bom.,1879; Collr.,1892; Sec.Bom. R.D.,1904; Ch.Sec.Bom.,1907; Member of Council,Bom.,1908; Member. Governor-General's Executive Council, 1910; K.C.S.I., 1911; ret'd.,1915.

appear, was not content with his Under-secretary's disparaging unwillingness to bother him with Campbell's Report, and he specifically asked for it to be sent to him¹. Obviously, what the Bombay Government disliked was Campbell's attempt to make his personal feelings known by means of a submission to a Royal Commission.

But Campbell's sense of grievance increased. It should not be imagined, he wrote, that he was 'a bitter and disappointed man, heated by friction'.² But, he asked, who was being trained to take his place? Should it not be a senior man? 'In other Provinces, Registrars may be found considerably senior to the Bombay incumbent, who has to hold his own with men of thirteen, fifteen, seventeen or even more may be years' of service.' But could a senior person be appointed if he was to be subordinate to a Director of Agriculture, who in any case knew 'more about turnips than turnovers'?³

This brought, at last, what seems to have been an honest appraisal of the position from Keatinge: 'It would cause endless friction and waste of time if I were to attempt to take any part in the control or supervision of the work in connection with Co-operative Credit Societies....I seldom see

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1. Lamb's remarks on Under Secretary's note cited. (B.R.O. file cited.)
 2. Campbell to Govt. No.494 of 28 February 1908. (Poona, Decentralisation.)
 3. Campbell to Govt.(through D.A.), No.2698 of 3 December 1909 encl. Bom. G.R.R.D. No.936 - 28 Confl., 28 February 1910. (Poona, Subordination of Regr. to D.A.)

Mr. Campbell, have practically no correspondence with him, and know nothing about his work, policy or movements except such information as I glean from his annual report....So far as my control is concerned Mr. Campbell has the substance of what he wants without the name. I have the name without the substance. I had imagined this would satisfy him; but evidently it does not'.¹

Campbell undoubtedly had the intimate grasp of the workings of co-operative societies which Keatinge could not have. Yet the fact remains that he organized some extremely poor societies. A large part of his career as Registrar is the rather sorry story of his efforts to make the hastily registered Satara societies work without any money. The societies which were organized amongst the Kaliparaj tribal people of the Mandvi taluka of Surat during his period had money to begin with. But the money came from the members' old money-lenders.² This was in accordance with the Government of India's ideas, but, in reality, 'After organizing village societies, the money-lenders managed to get the loans advanced to the members in satisfaction of their swollen claims. The result was that the loans were not used for productive purposes and they could not be repaid.'³ It was, in

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1. Keatinge's forwarding remarks, - No.8444 of 11 December 1909 - on Campbell's letter cited above.
 2. Evidence of Khandubhai Desai, Committee on Co-operation in India, 1914-15. (Punjab Records Office, Patiala.)
 3. C.M.Gandhi, 'Glimpses of the Co-operative Movement', in B.C.Q., April 1954, p.14.

fact, only in the Karnatak, where, in Canon Rivington, Campbell found a kindred spirit, that much progress was made before 1911. The Lingayats, who were predominant in the rural areas, were quarrelsome,¹ as most puritans in religious matters are inclined to be. But on the whole they were thrifty.² Co-operation made an appeal to such people.

Although societies set up during Campbell's period as Registrar were few in number and often poor in quality certain broad lines of development were successfully laid down.

The nature and extent of the control that had to be exercised from outside the societies was the most difficult problem that every Registrar had to face. Honorary organizers, Campbell found, were not suitable for audit, which had to be performed in a strictly business-like way. Campbell therefore asked Government in September 1907 for the services of two men to act as auditors. They should be, he wrote, thoroughly honest, preferably having a command of two of the languages of the Presidency, and with a thorough knowledge of accounts. They should be paid a salary of Rs.150 to Rs.250, with travelling allowance, and each be given a pattewala.

The Co-operative Auditor, or 'Inspector' as he was at first

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1. See S.S.Salimath, 'The Lingayat of the Karnatak' in W.Burns, (ed) Sons of the Soil: Studies of the Indian Cultivator, pp.17-22.
 2. There is perhaps a germ of truth in the suggestion made to the author in India that the Lingayats are an illustration of what is commonly called the 'Tawney' thesis, that religious puritanism and care in money matters go hand in hand.

somewhat confusingly called, was to be no mean member of the official hierarchy: he was to have, in fact, the status of a Mamlatdar. The Government of Bombay hesitated to grant Campbell what he desired. But he showed that other provinces had similar staffs of auditors - argument by analogy often proved successful in spheres where there was inter-provincial rivalry - and, at length, his request was granted.¹

Campbell also felt the need for additional staff in the lower grades. He was able to obtain a Circle Inspector² from the Revenue Department to help look after the Gujarat Kaliparaj societies³ and a permanent clerk to keep an eye on the Karnatak societies. This was not before he had had to resort for a time to the expedient of paying for an extra assistant for the Karnatak himself. A temporary assistant for the poverty stricken Satara societies showed signs of becoming semi-permanent by 1911, the year Campbell gave up his position as Registrar.⁴ The Government of India, however, were not enthusiastic about such developments; they deprecated 'the creation of anything resembling a regular service of subordinate officials for the control of the co-operative movement'.⁵

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1. Bom.G.R. Finance Dept. No.1990 of 23 April 1908 and enclosures. (Poona, Permanent EST.)
 2. 'Circle Inspector' - revenue official in charge of one of the four or five 'Circles' into which a taluka was divided.
 3. Campbell to D.A. No.2502 of 6 November 1909, encl.Bom. G.R.R.D. No.12356 of 22 December 1909.
 4. Rept., 1911, p.1; Rept., 1912, p.9.
 5. G. of I., R. & A. Dept. (L.Rev.) Circular Letter No.1.- 402-3 of 2 January 1912, encl.Bom.G.R.R.D. No.825 of 25 January 1912.

The development of an official staff did not mean that the honorary organizers were neglected. Far from it. In fact, although Campbell's somewhat unbusinesslike methods repelled some Indians, the quality of his personality attracted many more.

In Surat, Campbell was assisted by Khandubhai Desai. Khandubhai had recently retired from an extremely high position for an Indian to have held at this time, that of Presidency Engineer. He had thrown himself into all movements, political, social, and economic, which he believed had as their aim 'a new India, with a high sense of rectitude and duty.'¹ A British member of the I.C.S., who served as a young man in Khandubhai's district, has confessed that he always regarded Khandubhai 'with some awe'.²

One of the most significant aspects of Campbell's period as Registrar was the gradual use of help from sources other than the ranks of retired government officers. One of those appointed as an honorary organizer at this time was G.K. Chitale of Ahmadnagar. His appointment was possibly made at the instigation of McNeill, who had gone to be Collector of Ahmadnagar. Chitale was a pleader who was setting out on a career in local and Presidency politics.³ Co-opera-

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1. Khandubhai Desai, Evidence, Committee on Co-operation in India, 1914-15. (Punjab Records Office, Patiala.) See also 'A Correspondent from Surat', Obituary Notice of Desai, B.C.Q., June 1923, p.75.
 2. Sir Robert Ewbank, 'C.M. Gandhi, Tributes and Reminiscences - II', in B.C.Q., June 1923, p.75.
 3. See Hugh Tinker, The Foundations of Local Self-Government in India, Pakistan and Burma, p.144.

tion appears to have provided Chitale with a convenient spring-board to his future career, and he tended to take increasingly less interest in co-operative affairs later on; nevertheless his assistance was doubtless valuable while it lasted.

Campbell did not make a place in his list of official honorary organizers for every 'Native gentleman' who might temporarily wish to curry favour with Government, however. 'I wait till people work before I consider them helpers.'¹ Yet it can hardly have been lack of work that prevented G.K. Devadhar and R.M. Sane from being added to the list of honorary organizers in Campbell's time. Perhaps it was their politics. In 1908 there was a temporary scare when the Collector of Poona claimed that townsmen, members of the Sarvajanic Sabha, were stirring up disaffection amongst the agriculturists in the surrounding area under the guise of promoting 'agricultural improvement.'² Yet on the whole the Bombay Government remained much more willing to trust the Indian element than, for instance, the Government of Bengal.

G.K. Devadhar was certainly not of the Tilak school. He was a foundation member of Gokhale's Servants of India Society, who, probably because of his close contact with Christian missionaries in his youth, was largely responsible for having the constitution of the Society which Gokhale set up changed so that it would be not only a political organiz-

1. Rept., 1910, p.16.

2. See Bom.L.Rev. Admin. Rept., 1907-08, pt.ii, p.27.

ation but also a group of 'national missionaries'. Hadapsar society, which Devadhar organized just outside Poona, became a model; for years to come any visiting dignitary could not leave Poona without a visit to Hadapsar. Its success - or, rather, its seeming success, for its collapse in the twenties was to be disastrous - was mainly the result of Devadhar's ability to wheedle deposits from his Poona friends.

Sane had rather different political and social leanings from Devadhar; he was friendly with Tilak as well as with Gokhale. He had been a teacher in the New English School in Poona, and editor of Dnyan Prakash and of Kesari at various times in the eighties and nineties. At the same time he studied law. He was one of the first members of the Sarvajanik Sabha, and he preserved a deep reverence for both Ranade and Tilak until the end of his life. 'His independence and impartiality prevented him from becoming a partisan on one side or the other.'² In 1894 he moved to Barsi, a market town in Sholapur district, to practise law. His work as a newspaper editor and now, especially, as a small-town lawyer, gave him an extraordinarily good knowledge of the rural areas - a knowledge that was hardly shared by those of his colleagues who stayed in Poona.³ Sane made his first appearance in a

1. N.A. Dravid, 'Entrance to the Servants of India Society', in H.N. Kunzru (ed.), Gopal Krishna Devadhar, p.24.

2. Obituary notice of Sane in Mahratta, 6 December 1925.

3. The Poona Brahman, however, often had closer links with the rural areas than his counterpart in, say, Calcutta.

co-operative report in 1907.¹ He took great pains not to bring politics into the co-operative movement. This was an extremely difficult task at times; Tilak, a retired Registrar has written, 'did not like Sane's mixing himself up with Government-sponsored co-operative activities and told him that in the end he would see his mistake.'² Sane's ability as an orator in Marathi, his integrity and above all his clear thinking in co-operative matters - he was the Bombay movement's acutest critic from within - were to keep him in the forefront for the next twenty years.³

The first serious sign that Campbell's policy was not in accord with Government of India ideas came at the Registrars' Conference in January 1911. E.D. MacLagan, the new Secretary to the Government of India in the Revenue and Agriculture Department believed that a spirit of competition between the Registrars of the various provinces was 'not unhealthy'.⁴ He noted, rather unfavourably, the small number of rural societies in Bombay, as compared with the number of urban societies in that Province, and as compared with the numbers of rural societies in other provinces.⁵ When it came to a discussion of government loans to co-operative societies,

1. Rept., 1907, p.12.

2. V.S. Bhide, 'Memories and Reflections of an Old-Stager', in B.C.Q., April 1954, p.10.

3. For Sane, see Govind Raghunath Kale, Barsi Central Co-operative Bank Ltd. va Barsi talukantil Sahakari Patpadya yatsa Itihas, [in Marathi], pp.1-3.

4. Regrs.' Conf Procs., 1911, pp.4-5.

5. Ibid., pp.4-5

the Registrars of Bengal and Madras said that, in compliance with the original Government of India precepts, now that the movement had taken root, they were giving government loans very sparingly. Campbell, on the other hand, had to admit that he 'appeared to have used more from this source of supply than other provinces'. At present there was a sum of Rs. 1,60,000 of government loans outstanding, as compared with about Rs. 41,000 in Bengal and Rs. 45,000 in Madras. He considered that he was 'morally bound to give the equivalent deposit, if the members deposited money with the society.' MacLagan replied that Campbell was under an 'entire misapprehension as to any moral obligation' to give equivalent government loans in such cases. Such a moral obligation could arise only 'if the Registrar induced the members to deposit money by a promise of such assistance'.¹ But this was in fact what Campbell had been doing.

When Campbell came to write his Annual Report in August it was fairly obvious that he was going. The Report is a summing up, in a style rather more sober than Campbell's usual one, of his work as Registrar. He still maintained that this work should be seen in terms of 'educational progress....And I feel that we ourselves are included in the educational progress; and are perhaps the most important part thereof!' But he was now ready to say with the orthodox that 'our best policy will be, probably, to concentrate on

1. Ibid., pp.29-30.

good centres and urge to perfection societies already good, rather than spend more money on doubtful returns....We can afford to lop fairly heavily now';¹ there is no doubt that he had the Satara societies in mind.²

A confidential Government Resolution, despatched on 18 December but dated 1 December, the date of R.B. Ewbank's appointment to the position of Registrar, made clear what had been the real reasons for the change. 'No progress' had been made in 'effectively associating' the work of the Registrar of Co-operative societies with that of the Director of Agriculture. 'It is not possible for Government to permit the indefinite continuance of arrangements in which the work of the Registrar remains aloof and separate from the work of the Agriculture Department.'³

There was a good deal of wisdom in the note of Lamb, the Chief Secretary in 1907, on Campbell's work: 'Mr. Campbell is now our expert on co-operative credit; and like other experts he is a little apt, apparently, to think that - as to his subject at least - in him alone there is wisdom, and that anyone else's opinion is mere obstacle and hindrance.'⁴

Campbell had a clear notion of many of the problems co-operatives were up against. He was a sincere idealist. A few of the heresies he advocated later almost became orthodoxy.

1. Rept., 1911, pp.2, 4.

2. Ibid., pp.1-2.

3. Bom. G.R.R.D. No.11391 - 257 Confl., of 1 December 1911.
(Poona, Subordination of Regr. to D.A.)

4. Lamb, Note, 22 December 1907. (B.R.O., R.D. Vol.80 of 1908.)

Yet it cannot be said that the co-operatives which he set up were models for the future. The best comment on his career as Registrar was perhaps provided by Campbell himself. 'If co-operation has done nothing more it has anyhow afforded a delightful occasion for friendly work side by side of a Government Registrar with philanthropic Native gentlemen.'¹ This association on equal terms of European and Indian is probably the most significant aspect of the history of the co-operative movement in Bombay in the years preceding 1911.

1. Rept., 1907, pp.1-2.

IV

A G R I C U L T U R A L B A N K S A G A I N

(1904 - 1911)

Though Co-operation's advent in India had been heralded by a good deal of publicity, other schemes for the alleviation of agricultural indebtedness remained in the background. No sooner, in fact, had the Co-operative Societies Act been passed than there was a revival of interest in agricultural banks.

The main reason for this revival of interest was the apparent success of Cromer's Agricultural Bank of Egypt. This privately owned bank received some financial assistance from Government. It was supposed to distribute loans to the peasants through its own officers, but the Government collected the Bank's dues through its tax-collectors. Cromer had considered the 'political objection' to connecting the State in this way with the collection of debts,¹ as he had done in India. But apparently he did not now believe this to be an over-riding objection. In its time, the Egyptian Bank was considered to be a noteworthy experiment; the authorities in Egypt had to deal with a large number of enquiries on the subject.²

The most important convert in India to the idea of agricultural banks was Frederick Nicholson, the same Nicholson

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1. Report on the Finances, Administration and Condition of Egypt and the Progress of Reforms, 1895, p.8. P.P. 1896 (7978); xcvi, 989.
 2. Report on ...Egypt and the Soudan in 1903, p.13. P.P. 1904 (1951); cxi, 203.

whose report had lain behind the Co-operative Societies Act. He visited Egypt to see for himself the working of the Agricultural Bank and came back enthusiastic about the possibilities of setting up similar institutions in India. He was, in fact, a man of enthusiasms, some of them possibly somewhat short-lived. He now wrote that 'co-operative credit societies are only one form of credit system.... It has never been contended that they are or should be a sole system.' He believed that 'nothing but very slow progress' in the formation of co-operative societies in India could be predicted. Agricultural banks could supply co-operatives with the capital they needed.¹ But it is clear from Nicholson's report that he intended that the proposed agricultural banks's main source of business should be, as in Egypt, loans made direct to the cultivator, rather than loans to co-operative societies.

The Madras Government, of which Nicholson was now a member, were quick to agree to his scheme for promoting an agricultural bank in that province.² A great change had occurred in administrative opinion there in the few years since the fierce denunciation of Nicholson's report on co-operative societies. The Government of India also agreed to the scheme, making very few provisos - Curzon had given up the Viceroyalty but the energetic Ibbetson was still on the

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1. Nicholson to Govt. of Madras, 5 February 1904, encl. Viceroy to Sec. of State, Despatch No.37 (L.Rev.) of 7 December 1905. (I.O.L., Rev. Letters from India, 1905.)
 2. Sec., Govt. of Madras, R.D., to G. of I., R. & A. Dept., No.1333 (Confl. No.170) Rev. of 3 December 1904, encl. Despatch cited.

Council. They believed that the scheme merited 'a liberal measure of assistance', even acceptance of 'a substantial degree of risk.'¹

The major portion of the capital of the Egyptian Agricultural Bank was provided by the British-backed National Bank of Egypt, an institution, as the Madras government put it, 'financially and politically strong.'² The Government of India believed that the Madras venture should also be floated on the London market, the shareholders being guaranteed a minimum dividend of three per cent. per annum for fifteen years; 'should the bank be started and prove a failure', the Government of India informed the Secretary of State somewhat airily, 'then at the most Government will have lost on the guarantee a sum which cannot exceed 22½ lakhs of rupees spread over fifteen years'. The Government of India was even prepared to agree to the Bank's paying Revenue Department officials to collect its debts at the same time as the assessment, as in Egypt.³ Wedderburn, it must have seemed, was about to come into his own.

Possibly to the surprise of those in India, the Secretary of State decided that the experiment was worth trying, and wrote that he was prepared to place the scheme 'informally

1. Despatch cited.

2. Govt. of Madras to G. of I., letter cited.

3. Despatch cited.

before financial houses of standing in London'.¹ It was not long before the Secretary of State was approached by a syndicate of British capitalists with interests in India, led by Sir Ernest Cable, of Bird and Company, the Calcutta jute exporters.² Their plan, which included provision for guarantee of a four per cent. interest rate, was accepted in principle by the Government of India while it was still being considered at the India Office.³ It was the news that such an Agricultural Bank might soon be formed that prompted in two Indian businessmen, Vithaldas Thackersey and Lalubhai Samaldas, the response which eventually led to the formation of the Bombay Central Co-operative Bank.

From the beginning of the movement in Bombay the need had been felt for additional capital. If it was not forthcoming from Government the only alternative was to turn to private sources. Dupernex expected that the urban co-operative banks would be able to raise sufficient capital to meet both their own needs and the needs of the rural societies. This plan appeared to be feasible to those who framed the 1904 legislation.

McNeill reported at the end of his first year that

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1. Sec. of State to Viceroy, Despatch No.82 (Rev.) of 27 April 1906. (I.O.L., Rev. Letters to India, 1906.)
 2. Cable had been a member of the Imperial Legislative Council from 1901 to 1903, representing the Calcutta Chambers of Commerce.
 3. Viceroy to Sec. of State, Despatch No.17 (L.Rev.) of 9 May 1907. (I.O.L., Rev. Letters from India, 1907)

the establishment in Bombay of an urban co-operative which would attempt to provide for the rural societies' needs had been suggested to 'a few native gentlemen' at the Oriental Club.¹ Vithaldas Thackersey was the organizer of the 'Bombay Urban' Co-operative Society. He was a Bhatia, the son of one of the first big millowners in Bombay; he was still young but was already a member of the Municipal Corporation and of the Legislative Council, and, as an energetic and confident - perhaps over-confident - financier, wielded great influence in those days of rapid economic development.²

McNeill and Campbell also managed to obtain loans for various societies not only from the Bombay Urban Society but also from individual businessmen in Bombay, though the extent of the interest of Bombay businessmen in co-operatives at this time appears to have contrasted unfavourably with the attitude of their Calcutta counterparts.³ One of those who helped most with loans was Lalubhai Samaldas - 'at almost too kindly a rate to begin with', even Campbell was forced to say.⁴ Yet Lalubhai was no mere soft-hearted philanthropist. His background was different from that of Vithaldas. He came from a family of Nagar Brahmins which had supplied Dewans to Bhavnagar, a First Class Indian State in Saurashtra, since 1828. Lalubhai had risen to be Chief Revenue Officer of the

1. Rept., 1905, pp.1, 5.

2. See H.L. Kaji, Life and Speeches of Sir Vithaldas Thackersey, passim.

3. Rept., 1909, p.12.

4. Rept., 1907, p.10.

State before going to Bombay to set up in business. The existence of his family estates meant that he had no financial troubles; he could afford to be independent both as a businessman and as a politician, dwelling as he was 'in the midst of middle-class lawyers and retired officials who were living lives on incomes a sixth of what he could expect.'¹ He was evidently a striking figure, with his turban and his broad, silk-bordered dhoti.² He brought a certain gentility to the life of Bombay, too: 'he said that even though he was in business he could look upon it as a Brahmin and not as a Vaisya.'³ In the Indian context this is perhaps the most significant comment which he could have made on his life. In politics he had annoyed his political chief, Sir Pherozeshah Mehta, by supporting the government-sponsored Alienation Bill of 1901. His experience of revenue administration told him that the measure was needed.

When Lalubhai was invited to comment on the proposals of the 1901 Committee on Co-operation he had brought forward his own proposals for starting an agricultural bank in one of the talukas of Gujarat. He felt that private capital was necessary because it would be difficult to obtain capital from the ryots themselves, and that it would not be

1. S. Natarajan, Lalubhai Samaldas, p.19.

2. D.A. Shah, 'Let us remember our own pioneers in time', in B.C.Q., March 1946, p.163.

3. S. Natarajan, op.cit., p.24. It should be said here, perhaps, that Natarajan's now rare biography of Lalubhai Samaldas, though it consists of only sixty small pages, is extremely valuable as a piece of historical analysis, as well as a biography.

wise to leave the running of co-operative societies in the hands of the villagers. 'In the ryotwari tract,' he commented, 'the village Panch does not exist, and for some years at least it will not come into existence.'¹ When the Co-operative Societies Act was passed, however, he was willing enough to help in the government experiment, in spite of the rejection of his own scheme. He paid particular attention to the societies in Ahmadabad and Kaira Districts, and soon joined in Vithaldas Thackersey's Bombay Urban Society.

But it should be emphasized that it was not only their interest in co-operative societies which led Vithaldas and Lalubhai to make their first proposal for the financing of Indian agriculture. It was also the feeling that British interests should not be allowed any further entry into that most basic of India's industries, agriculture - the feeling, to quote Vithaldas's biographer, that 'foreign capital should not be allowed to exploit the agriculturists of India'.² The foundation of their Bank must, in fact, be seen as part of the great burst of swadeshi commercial activity which India experienced from about the year 1906. The directors of the Bank of Baroda, for instance, founded in 1908, included many of those who later joined the directorate of the Bombay

1. Lalubhai Samaldas to Commr., N.D., 1 August 1902. (Poona, ADM. S.O.7)
 2. Kaji, op.cit., p.158.

Central Co-operative Bank.¹

Lalubhai and Vithaldas first learnt of Cable's scheme during their visit to Calcutta in 1906 for the second 'All-India Industrial Conference', itself to a large extent a swadeshi gathering since it was held at the same time and place as the meeting of the Indian National Congress for the year. Lalubhai interviewed 'the Britisher' behind the scheme, presumably Cable, and later saw the private secretary to the Viceroy. Bombay, he said, could do what the British syndicate proposed. He obtained an assurance that Lord Minto would not overlook Indian opinion in considering such a scheme.²

When Vithaldas arrived back in Bombay he prepared a scheme for an agricultural bank and published it in the Times of India Illustrated Weekly. The scheme was an ambitious one. Share capital of twenty five lakhs was to be raised on the stock market in the usual way, and a government guarantee of four per cent. interest on one hundred lakhs of debentures was requested. The Bank would be registered under

1. This was particularly evident from the literature issued at the time of the Jubilee celebrations of the Bank of Baroda in 1958. Some of the swadeshi banks crashed in 1913 - but Britain had her South Sea Bubble at a somewhat similar stage of development. The men who launched the first Indian shipping enterprise, Scindia, in the words of the biographer of Lalubhai Samaldas, 'knew only half of what they were doing and were completely ignorant of ships and shipping'. (Natarajan, op.cit., p.41.) One, Sir Shapurji Broacha, advised against buying the first ship, however - he had had the misfortune to travel on her to America thirty years before! (Ibid. p.40.) Yet Scindia has succeeded.

2. Natarajan, op.cit., p.159.

the Co-operatives Societies Act. It was to have an All-India field of operations which, Vithaldas claimed, would make for economy of management and security.' Its work would not be confined to agriculture. 'Every one of the Central Banks hitherto formed under such conditions,' Vithaldas claimed, 'has found it distinctly necessary to do other business to keep the "pot boiling." Co-operative Societies' business is a capital addition where there is other business. However, the very undertaking given to do it at minimum rates makes it desirable, if not indispensable, that there should be a good flow of other business to earn a dividend and keep the Bank in strength.' 'A portion' of its capital was to be earmarked for agricultural purposes - apparently for loans to individuals as well as to co-operative societies. Vithaldas laid emphasis, as others before him had done, on long term loans for debt redemption.¹

A great many objections were raised to this scheme. It seemed to be an attempt to obtain the privileges of a government guarantee, and registration under the Co-operative Societies Act, for what appeared to be in most respects an ordinary joint stock concern.² In these circumstances it was something of an achievement for Lalubhai, who was invited by the Government of Bombay to attend the Conference of Registrars of Co-operative Societies held in Simla in 1908,

1. Thackersey, 'Agricultural Indebtedness and How to Relieve It', in The Times of India Illustrated Weekly, 7 August 1907, p.8.

2. See Prov. Co-op. Conf. Procs., 1908, pp.10, 26.

to persuade the Registrars to agree to a resolution stating that if an agricultural bank were set up all the capital should be issued in India in rupees. On the other hand, the majority of the Registrars believed that no government guarantees were necessary in order to set up such a bank.¹

Lalubhai and Vithaldas saw that their original scheme had little prospect of success. They decided to confine their attention, in the meantime, to co-operative societies in the Bombay Presidency. In a modified scheme for a bank they omitted the proposals for doing business with individuals, and put the figures for share and debenture capital at one fifth of the original estimates.

This scheme was first put forward at the Provincial Co-operative Conference of December 1908.² At this same Conference, however, McNeill, who had kept up his interest in problems of agricultural indebtedness, brought forward another scheme, which was thoroughly in the Wedderburn tradition. He called for the establishment of 'Taluka Co-operative Credit Societies', financed partly by Government and partly by the money-lenders. Holdings and indebtedness would be checked from the records, the recognized nominal indebtedness would be reduced by at least twenty five per cent., and the land would be mortgaged to Government. Debt redemption would be undertaken only in cases where the operation could be

1. Regrs.' Conf, Procs., 1908, pp.14-15.

2. Lalubhai Samaldas, 'A Scheme of a Central Financing Society' in Prov. Co-op. Conf. Procs., 1908, pp.25-27.

completed within twenty five years. Village societies would continue to exist, but they would operate only as the agents of the taluka societies. McNeill believed that experiments should be made first in three or four villages, but he was thinking of a much wider field of operations as an ultimate goal.¹

The two Indians' scheme and McNeill's scheme both happened to attract the attention of Clarke, the new and energetic Governor of Bombay.² Clarke minuted that he was most anxious that some positive action be taken on them. The magnitude of the operations involved in McNeill's scheme, he said, staggered the imagination. But he was quite willing to address the Government of India immediately on the matter of guarantee of four per cent. interest on twenty lakhs of debentures, as proposed by Lalubhai Samaldas and Vithaldas Thackersey.³

Muir-Mackenzie, a Member of Council, put the indebtedness of the Presidency at twenty eight crores, or eighteen and a half millions sterling. This sum in itself, he wrote candidly, was 'not so very large'; even so it could be taken that Government could not find the money for McNeill's scheme. He agreed that in the circumstances the Indians' scheme was

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1. McNeill, 'Debt Liquidation', in Prov. Co-op. Conf. Procs., 1908, pp. 22-25.
 2. George Sydenham Clarke: service with Royal Engineers, 1868-1904, including a period in Egypt; Sec. Cttee. on Imperial Defence, 1904-07; Govr. Bom. 1907-1913; Baron, 1911.
 3. G.S.C./Tarke J., Minute of 30 December 1908. (B.R.O., R.D. Compilation No.303, Vol.60, of 1911.)

the better one.¹

Clarke was highly gratified. The Government of India should be immediately informed of the Government of Bombay's intentions, he wrote. He added, with the naivety, the cynic might say, of one new to India, that he trusted that the Government of India would raise no difficulties.²

The reply of Carlyle,³ the Secretary to the Government of India in the Revenue and Agriculture Department, to the Government of Bombay's letter was not encouraging. The fact, he said, that the Government of India and the Secretary of State were still considering a scheme for an Agricultural Bank on the Egyptian model, (presumably Cable's scheme), made it necessary to postpone consideration of any further schemes for guaranteed banks. Carlyle commented unfavourably on the proposal that the Registrar should sanction all loans before they were made to societies. This would mean, he thought, that if the Bank got into difficulties with regard to arrears it would be in the interest of Government to use

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1. M-Mackenzie J., Minute of 3 March 1909. (B.R.O., Compilation cited.) John W.P. Muir-Mackenzie: Asst. Collr., 1876; U.Sec., G. of I., 1889; Offg. Sec.Bom. R.D., 1896 & 1898; Ch.Sec., Bom., 1900; Member, Irrigation Commission, 1901; Member of Council, Bom., 1905; K.C.S.I., 1909; retd., 1910. Muir-Mackenzie was responsible for 'many measures of practical philanthropy.' (Indian Social Reformer, 10 January 1909.)
 2. G.S.Clarke J., Minute, [c. 10 March 1909]. (B.R.O., Compilation cited.)
 3. R.W.Carlyle. After Carlyle retired he wrote, with his brother, the well known History of Medieval Political Theory in the West. One suspects that he was better as a political theorist than as an administrator: he disliked speaking in the Legislative Council, and 'Secretariat work was never completely congenial' to him. Dictionary of National Biography, 1931-1940, p.144.

its officials to make recoveries. This in turn would mean the maintenance of a permanent Co-operative Department. Such an eventuality, he said, the Government of India wished to avoid. (This attitude, of course, contrasted somewhat strangely with the Government of India's earlier willingness to use Revenue Department officials to recover the debts of an Agricultural Bank.) Carlyle repeated the Government of India's official view that future capital requirements of co-operative societies should be supplied by local 'Unions' - urban societies in which the rural societies could take shares.¹

Carlyle's letter was sent to Vithaldas for comment. He claimed that the object of the promoters in making the provision that all loans should be sanctioned by the Registrar was simply to give Government the best security possible. Government could drop those conditions if they saw them as involving responsibility rather than security.² But the guarantee of interest on the debentures was absolutely necessary in order to obtain the confidence of the investing public.³

Carlyle's letter was also sent to McNeill. His comments were outspoken. He opened with an attack on Henry

1. Carlyle to G. of B. No.971 - 110-5 of 20 September 1909. (B.R.O., Compilation cited.)

2. But see below, Chapter V, for complaints in the early days of the Bank's operations that the Bank was using this provision to force the Registrar to make the investigations of borrowing societies that it should make itself. It is perfectly true, however, that right from the start the promoters said they were willing to have the provision dropped. See Prov. Co-op. Conf. Procs., 1908, p.16.

3. Vithaldas Thackersey to Lamb, 15 October 1909. (B.R.O., Compilation cited.)

Wolff, who, he believed, was behind the Government of India's attitude. Mr. Wolff was a good writer, he said, and had high ideals. But had he ever selected an area and tried to put his ideals into practice in a human situation? To force the formation of Unions would be 'unhealthy' and 'artificial'. Why slavishly follow German models all the time, anyway? When Unions came into existence in Germany there was already half a century of joint stock banking experience. The Government of India's attitude was astonishing. Let the Government of Bombay decide whether State aid would promote or destroy self-respect. The growth of agencies which helped the people need cause no alarm.¹

Several new factors helped the Government of Bombay in breaking down the Government of India's attitude. First of all, the negotiations seem to have been taken out of Carlyle's hands and put into the keeping of Meston, the Finance Member of the Viceroy's Council. He took a much more favourable view of the scheme. Secondly, Vithaldas Thackersey himself was elected a member of the Imperial Legislative Council, and was able to make fruitful contacts with Meston.²

But almost certainly³ the chief reason for the

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1. McNeill to U.Sec., G. of B., R.D., No.R.-4923 of 24 October 1909. (B.R.O., Compilation cited.)
 2. Meston to Lamb, D/O of 8 February 1910. (B.R.O., Compilation cited.)
 3. The author has not had access to the confidential records on the matter kept in New Delhi, and up to the time of the writing of the final draft of this chapter the records for 1910 had not become available at the I.O.L. But Hubert Calvert, then Registrar of Co-operative Societies, Punjab, dropped a hint along the lines which are followed here in his letter in B.C.Q., March 1922, p.268.

fairly sudden increase of interest was the news that all was not well with the much vaunted Agricultural Bank of Egypt. The Report of Sir Eldon Gorst on the conditions in Egypt in 1909, published in 1910, admitted that the Bank had not really been put to the test until the end of 1907, when a somewhat artificial period of prosperity in Egypt had come to an end. The Bank did not have sufficient machinery to conduct enquiries into the suitability of applicants for loans. Many of the loans were not being used for productive purposes and the loans outstanding amounted to £(Egyptian) 8,136,000. The delay and expense of recovery through the Civil Courts of those debts which could not be recovered at the time of the revenue collection had put obstacles in the way of enforcing prompt repayment. Co-operative Societies were henceforth to be encouraged in Egypt.¹ The Government of India were certainly not going to embark on Cable's scheme for an Agricultural Bank with such a warning before them.

It is reasonable to assume that the India Office, frightened by the Egyptian failure, were now wary of any scheme for a guaranteed bank. It is also reasonable to assume that the India Office were still rather more wary of Indian commercial schemes as such than they were of British schemes. It must be assumed, finally, that there were hard bargainers on both sides. Both sides knew that the giving of

1. Reports by His Majesty's Agent and Consul-General on the Finances, Administration and Conditions of Egypt and the Soudan in 1909. P.P., 1910 (5121); cxii, 347.

unnecessary concessions was not good business.

So the arguments went on for some time, chiefly on the theme of the proportion of debenture capital to share capital.¹ Finally, the Secretary of State agreed to what was virtually the promoters' original proposal.²

The Secretary of State's despatch expressing basic agreement with the scheme is significant. His agreement to the scheme, he said, was not to be construed as in any sense an abandonment of the co-operative principle, and should not stand in the way of any future organization of Unions amongst societies themselves. The sanction of the Secretary of State in this particular case was intended, the despatch continued, to be a demonstration of the profitable use to which loanable capital might be put in a dry area, and thus encourage the formation of similar institutions in other parts of India without government assistance.³ The last proviso is important. It is surely evidence of the personal attitude towards state intervention in economic matters of Morley himself, an attitude which the Indian Industrial Commission of 1916-1918 found to be 'deadening'.⁴ Nevertheless,

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1. Sec. of State to Viceroy, Despatch No.85 (Rev.) of 30 September 1910; V. Thackersey and L. Samaldas to U. Sec. G. of B., R.D., 17 November 1910.(B.R.O., Compilation cited.)
 2. Telegram Sec. of State to Viceroy, 21 March 1911. (B.R.O., Compilation cited.)
 3. Sec. of State to Viceroy, Despatch No.85 (Rev.) of 30 September 1910. (B.R.O., Compilation cited.) The author has been permitted to make notes of the substance only of this Despatch.
 4. Indian Industrial Commission Rept., 1918, Vol.I. p.4.

for some years, the guarantee of interest on the Bombay Central Co-operative Bank's debentures remained 'The most interesting departure from the general policy of government' on the co-operative movement.¹

It was unfortunate that, although negotiations for the formation of the Bank were protracted, no great amount of thought was given, either by the Government or by the promoters of the Bank, to the problem of the types of societies which the Bank would finance. The Nira Canal irrigated area had been in the minds of both parties from the beginning as one possible scene of operations.² But concentration of the Bank's resources in that area does not seem to have been envisaged until towards the end of 1910, when the possibility arose of a serious limitation of long-term debenture capital, through the unwillingness of the India Office to guarantee the interest on the required amount.³ Thereafter, in spite of the Secretary of State's final agreement to the amount of debenture capital proposed originally, the promoters appear to have been determined to press for rapid developments in the Nira Canal area. Sir Vithaldas was 'in a great hurry', commented one of the Bombay Government's Under Secretaries.⁴

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1. V. Venkatasubbaiya and Vaikunth L. Mehta, The Co-operative Movement, (Servants of India Society Political Pamphlets, 1918), p.164.
 2. See P.J.Mead, Acting D.A. to Ch.Sec., No.A/5356 Confl. of 2 October 1907, (Poona, 'D.A. 24'); also Clarke, Note, 30 December 1908, (B.R.O., Compilation cited.)
 3. See R.A.L[amb], Note, 28 November 1910. (B.R.O., Compilation cited.)
 4. R.D.Bell, Note, 4 October 1911. (B.R.O., Compilation cited.)

There is evidence to suggest, however, that by this time Government, too, were in a great hurry - to get rid of their own somewhat unprofitable Canal finance scheme.

The Nira Canal had been opened in the year 1884. At first, the increase in production had been in the garden crops which had previously been grown. But an incoming group, the Saswad malis, gardeners by caste, rented increasingly large areas for the production of sugar-cane and made large profits. The original inhabitants, mainly Marathas, did not have the experience with irrigated crops of the malis, and often made poor attempts at copying the malis' methods. With an annual capital outlay of Rs.500 per acre necessary for a good crop of sugar-cane, some credit agency was obviously necessary. Money-lenders supplied the capital - on condition that they were given marketing rights over the crop. The peasant normally had to pay over twenty per cent. for his capital.¹

In 1907-08 the Assistant Collector in charge of the Nira Canal area, J.P.Brander, had strongly advocated the establishment of a state-aided Joint Stock Bank, on the model of the Egyptian Agricultural Bank, for the provision of credit to the sugar-cane growers. Muir-Mackenzie, the generous-minded and fairly adventurous Revenue Member of the Bombay Government, was interested in the scheme. But before

1. For the early years of the operation of the Nira Canal, see Harold H. Mann, 'Economic Conditions in some Deccan Canal Areas', in B.C.Q., December 1918, pp.121-126.

making a decision on the joint stock bank scheme the Government sanctioned an experimental scheme for advancing takkavi loans to approved sugar-cane growers, a rate of nine per cent. being charged as interest. The scheme was intended to demonstrate the possibilities of success of an agricultural bank 'in the hopes that some banking agency may be induced to step in and compete with the sowkars.'¹

An Indian 'Special Officer', with a small staff, was appointed to carry out the scheme. On the whole B.B. Sahasrabudhe, the man appointed, performed his task well. The procedure for the grant of loans was worked out: inquiry into the borrower's security, inspection of his crops during the growing period, application of pressure on him to bring his produce to the government depot for sale so that loans could be recovered. However, from the beginning, arrears began to appear. By 1911 there were three lakhs of outstanding debts,² and it was assumed that the takkavi scheme was radically faulty, to be consigned to oblivion, together with all schemes for agricultural banks.

So, as the Registrar wrote in 1912, co-operative societies were formed on the Canal 'at the desire of Government.'³ Even in 1920 it was possible for a Registrar to

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1. Muir-Mackenzie, quoted B.B. Sahasrabudhe, Interim Report for the First Crop Year 1908-1909 of the Nira Canal Takai Loans Scheme, Poona District, p.19.
 2. R.B. Badve, Report on the working of the Nira Canal Societies up to the close of the co-operative year 1913 - 1914, p.2.
 3. Ewbank to D.A. No.486 of 10 February 1912, encl. Bom. G.R.R.D. No.7651 of 12 August 1912.

bring Government to remember their special duties in connection with the Nira Canal co-operative societies by reminding them that the canal societies were 'started by the Bank taking over the tagai liabilities of government at their request.'¹

This willingness to hand over the takkavi scheme to the Co-operative Department appears to be part of a tendency in higher administrative circles in Bombay to regard co-operation, if not as a panacea for all rural ills, certainly as something to fall back on if a real remedy could not easily be found.

Two other instances of the attitude to co-operation of government officials at this time may be quoted. Keatinge, the Director of Agriculture, in a book published in 1912 entitled Rural Economy in the Bombay Deccan, placed an extraordinarily high value on co-operation. In fact the only other major proposal in this book was an undeveloped suggestion about consolidation of uneconomic holdings.² In 1913 George Carmichael, then Chief Secretary, was asked by the Government of India for his views on the problem of indebtedness and land transfer. He refused to contemplate legislation which would further restrict the agriculturist's right of alienating his land. 'As regards composition of debts', he wrote, 'my view is that no useful progress could be made

1. Otto Rothfeld, Regr., to Govt., No.E.S.T. - 124 of 26 July 1920, encl. Bom. R.D.Order No. 2452 of 18 August 1920.

2. Keatinge, Rural Economy in the Bombay Deccan, pp.196 et seq. and p. 164. Admittedly, over the years he did develop his suggestion about consolidation; See Keatinge, Agricultural Progress in Western India, (1921), pp. 63-76; 195-253.

unless Government or Co-operative Credit Societies with a bank behind them are prepared to finance the operation.¹ But Carmichael knew that in practice the Government of India would not now have anything to do with such matters. Again, then, co-operative societies were the only positive remedy put forward.

It is against this background that the work of the new Registrar, R.B. Ewbank,² has to be seen.

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1. Carmichael, Note, 7 May 1913, encl. Bom. G.R.R.D. No. 735 of 23 January 1914.
 2. R.B. Ewbank: Asst. Collr., 1907; Regr. Co-op. Socs., Bom., 1911-19; Sec., Cttee, on Co-operation in India, 1914; Dep. Sec. G. of I., 1920-24; Acting Private Sec. to Lord Reading, 1925; Acting Sec. G. of I., 1926-27; Sec. General Dept., Bom., 1929-34; retd., 1936; Member, Commission of Government for Newfoundland, 1936-39; at Dominions Office, 1939-41; Kt., 1942.

V

THE REGISTRAR AND THE SOCIETIES
(1911 - 1916)

R.B.Ewbank was a young man, and had served only four years in India before being appointed Registrar of Co-operative Societies in Bombay in 1911. In his previous service in Gujarat he had tried, as any ambitious young Civilian tried, to make a reputation for himself in a particular field. The field that he had chosen was agriculture, and he had to his credit participation in the organization of 'agricultural associations' and co-operative societies in Surat and the Panch Mahals.

He had not been Registrar very long before it began to be evident that he was attempting to conduct the administration of the co-operative movement along lines that were somewhat different from those of Campbell. 'In previous years', Ewbank wrote in his first administration report, 'this Department claimed to be judged by an educational criterion rather than by statistical returns. Eight years have elapsed since the movement was first initiated and I think that the time has now come when this rather incommensurable standard should be abandoned and emphasis laid upon results.'¹ And indeed there were results - of the kind understood by the Secretariat - in the first years of Ewbank's régime. In 1912 Ewbank had to record that 'in

1. Rept., 1912. p.2.

the number of its societies the Bombay Presidency is now considerably behind all the major Provinces of India.¹ But the number of co-operative societies in the Presidency had risen from 251 to 368 during 1911-12;² by 1913 there were 515 societies,³ and by 1914 the total was 698.⁴ Indeed, by 1914 the Government of Bombay had begun to fear that the movement might 'run away', and it laid down the policy that no official pressure should be used to accelerate the formation of credit societies.⁵

This rise in the number of societies was partly the result of the opening of the Central Bank in Bombay. It was, too, partly the result of an increase of public confidence in the co-operative movement - an increase which appears to have come about quite suddenly, after seven or eight years during which the attitude of the public at large could only be described as 'one of some suspense.'⁶ Ewbank took up his position at quite an auspicious moment. But the rise in the number of societies was also the result of increased efficiency under the new Registrar, coupled with a rigid adherence to Campbell's final advice - to concentrate on the most hopeful areas. Procedure in the Registrar's Office and in the districts became more standardized;⁷

1. Ewbank to D.A. No.2090 of 8 May 1912, encl. Bom. G.R. Finance Dept. No.2931 of 6 September 1912.

2. Rept., 1912, p.20.

3. Rept., 1913, p.23.

4. Rept., 1914, p.29.

5. Ibid., p.2.

6. See Rept., 1907, p.11. Cf. Rept., 1913, p.18.

7. See Ewbank, Note, 19 January 1912, at side of Draft Circular to Auditors and Special Mamlatdars. (Poona, Miscellaneous XVIII, Orders on Audit and Inspection.)

new model rules were promulgated, especially by means of a two hundred page Manual in English,¹ which Ewbank laboriously prepared. To Ewbank, of course, Co-operation was not a mission in life in the sense that it had been for Campbell, though there was a definite streak of idealism and religious faith in him too. Co-operation, as far as he was concerned, was primarily a Government policy - to be vigorously put into action simply because it was a Government policy. But Ewbank worked hard along his chosen lines - at first usually pragmatic, later more theoretical. And he never forgot the human element; he was never, the editor of the non-official Bombay Co-operative Quarterly wrote in 1920, the movement's 'official dictator.'²

Ewbank's advent meant an end to the encouragement of what Campbell had called 'democratic' societies - societies for such people as sweepers and poor Satara agriculturists. On the Satara societies of the famine zone, Ewbank commented in his first report, with a certain amount of irony: 'Mr. Campbell stated last year that the position was not without hope but required delicate handling, and this is undoubtedly the truth.'³ By 1914 Satara was, in Ewbank's opinion, 'the plague spot of the Presidency.' 113 societies had, at one time or another, been registered from the district. Already forty six had had to be liqui-

1. A Manual for Co-operative Societies in the Bombay Presidency, 1914.

2. B.C.Q., March 1920, p.243.

3. Rept., 1912, p.9.

dated and there were still some fifteen 'thoroughly bad' societies which would have to be wound up.¹ 'For the submerged debtor, the loafer, or the hopelessly illiterate', Ewbank pronounced, 'no system can create wealth or independence.'²

With the opening of the Bombay Central Co-operative Bank the Government of Bombay at first assumed that there would no longer be any need for government loans to newly organized societies. Campbell had to issue a circular in October 1911 advising such societies to apply to the Bank and not to Government for loans.³ In December, Government confirmed that no further loans would be given to co-operative societies.⁴ The Bank, for its part, appeared to be confident that it could meet 'all legitimate demands of co-operative management in this Presidency.'⁵

But at the very beginning of its career the Bombay Central Co-operative Bank ran into difficulties over the method of financing societies. The societies were scattered all over the Presidency and normally demanded only small loans. How could the Bank, with its limited resources, contact all the societies in order to judge what their credit

1. Rept., 1914, p.3.

2. Rept., 1913, p.4.

3. See Motilal Chunilal, 'Government Loans to Rural Co-operative Credit Societies', in Prov. Co-op. Conf. Procs., 1912, p.14.

4. Bom. G.R. Finance Dept. No.4045 of 11 December 1911.

5. Thackersey, 'Position of the Bombay Central Co-operative Bank, Limited', in Prov. Co-op. Conf. Procs., 1912, p.27.

was worth and hence what amounts it could lend to them? There was at first no one to do this work in Gujarat. When the Bank finally did appoint an 'Inspector' for Gujarat it was found that by the time his salary and travelling expenses had been paid the Bank's profit was only about one and a quarter per cent; it had to pay four per cent. interest to its debenture holders and over one per cent. sinking fund charges.¹

The Bank's Directors claimed that when their articles of association were being drawn up they had come to 'some understanding' with Government, to the effect that while the Bank was establishing itself Government officers would help in the valuation work.² Ewbank was possibly not completely sure about the truth of these claims.³ Yet the Bank was determined to press them. The Directors found that the clause in the agreement between the Bank and the Secretary of State which specified that no loan could be granted without the sanction or recommendation of the Registrar, in practice could be made to work very much in their favour. The Directors of the Bank, Ewbank informed Government in February 1912, 'have stated that in all ordinary cases they will sanction loans of the amount recommended by me and at the rate of interest and for the period approved by me. As I

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1. V.L.Mehta, Manager, B.C.C.B., to Ewbank, No.L-3 - 1318 of 26 March 1914, encl. Bom.G.R.R.D. No.6606 of 1 July 1914.
 2. See Ewbank to D.A. No.486 of 10 February 1912, encl.Bom. G.R.R.D. No. 7651 of 12 August 1912.
 3. Ibid.

am responsible for assuring myself that loans are safe before sanctioning them, they expect me to hold an enquiry on the point through my own agency and are prepared to accept my conclusions.'¹

W.W. Smart, the Acting Director of Agriculture at this time, was outspoken in his denunciation of this arrangement. The Central Bank, mainly in order to gain the confidence of the money market, had declared a dividend of six per cent. about four months after its flotation. Smart asserted that this was evidence that the Bank was reaping the profits while Government bore all the expenses. He would surely have added, if he had seen the correspondence on the matter, that here was evidence of what many, from the India Office downwards, had prophesied at the time of the Bank's flotation. The Directors of the Bank, he said, were clearly interpreting the Agreement in a way which appeared 'to require from the Registrar the business ability which they themselves should supply.'²

Yet it was business ability which the new Registrar undoubtedly possessed, and in good measure. Given the staff, he informed Government boldly in February 1912, his office could 'do all the enquiry and valuation work involved in granting loans, and is ready, if the policy is approved, to continue to undertake this work permanently.'³

1. Ibid.

2. Smart to Govt. No.A.-3736 of 27 May 1912 encl. Bom. G.R. cited.

3. Ewbank to D.A. No.486 of 10 February 1912 encl. Bom. G.R. cited.

Ewbank had, in fact, begun to use for such work three 'Special Mamlatdars' who had been appointed to serve under the Registrar in the closing days of Campbell's régime.¹ They were intended to have the experience, status and authority of Revenue Mamlatdars.² Ewbank now wanted to retain them for some years.

The assertion of the Directors that they had an understanding with Government over assistance in the early stages may well have been true. Certainly the Government of Bombay readily agreed to sanction the continuation of the appointments of the Special Mamlatdars until July 1914. What told most was probably Ewbank's argument that it was 'only equitable' that enquiries into the assets of the Nira Canal group of societies, formed at the behest of Government, should be made by an official agency. No doubt, too, Government were inclined to agree that the case of many single new societies was somewhat analogous. Finally, there was little doubt in these early days that in practice the representatives of the Central Bank, dealing as they were with such matters as the size of holdings and their encumbrances, needed to have 'a quasi official position' so that their enquiries would not be hampered by 'the recalcitrance of village officers'. This last factor weighed heavily in the Bank's considerations.³

1. Bom. G.R. Finance Dept. No.2292 of 15 July 1911.

2. Campbell to Govt. No.C - 487 of 3 July 1911, encl. Bom. G.R. cited.

3. For this paragraph, see Ewbank to D.A. No.486 of 10 February 1912, encl. Bom. G.R.R.D. No.7651 of 12 August 1912.

The position of the Special Mamlatdars, especially that of R.B.Badve on the Nira Canal was characteristic of the relationships - close, yet at times charged with misunderstanding - which rapidly grew up between the Government and the Central Bank. Ewbank was at this time adamant that no government employees should be responsible for visiting a village actually to make recovery of loans from the Bank which had not been repaid. The extent that the Bank's employees could go in intervening in the affairs of societies was not defined. The seeds of future disagreements were here. But even in 1912 Ewbank was aware of the dangers of Government's giving the Bank the assistance of Special Mamlatdars in areas where it appeared to be in competition with other urban co-operative agencies. He instanced the case of Dharwar District. The Southern Mahratta Urban Society had to some extent been financing the rural societies of the district. 'Now', wrote Ewbank, 'the Bombay Central Bank has entered the arena with its infinitely longer purse and with an official estimate of the value of the assets of each unlimited society to go upon.'¹

It might be asked, of course, why difficulties such as those caused by the scattered nature of the societies, the lack of prestige of non-official as opposed to official executive officers, and by competition between co-operative financing agencies, had not been foreseen earlier. The answer must again be that too many people had been 'in a

1. Ibid.

great hurry'.

Ewbank's task in guiding the Central Bank so that it would find its proper rôle in the co-operative movement was thus not an easy one.

In the first season of the Bank's operations it advanced loans amounting to over nine and a half lakhs to twenty nine societies in the Nira Canal area and only Rs. 1,82,187 to seventy other societies.¹ Ewbank was obviously not completely happy with this unbalance in favour of the Canal societies, though he defended the position at the 1912 Registrars' Conference. The Bank's 'primary object', he told the Conference, was 'to finance rural societies in irrigated tracts where crops are valuable and certain.'² Edward Maclagan, the Secretary to the Government of India in the Revenue and Agriculture Department, commented somewhat tartly that the Bank's activities did not seem to have had the effect of 'unduly increasing' the number of 'ordinary rural societies.'³

In the following year Ewbank was able to report that the Bank had 'stretched many points to meet the convenience of its client societies'.⁴ Over and above the amount distributed to the Nira Canal societies it had in

1. Thackersey, 'Position of the Bombay Central Co-operative Bank, Limited', in Prov. Co-op. Conf. Procs., 1912, pp. 25-26.

2. Regrs.' Conf. Procs., 1912, p.8.

3. Procs. cited, p.25.

4. Rept., 1913, pp.5-6.

that year given loans amounting to over a lakh both in Gujarat and in the Deccan, and half a lakh in both the Konkan and the Southern Maratha country.¹ But in spite of this healthier distribution of the Bank's funds, largely brought about by the use of the Special Mamlatdars, there was still a great deal of criticism of the Bank's activities. Much of this centred on the Nira Canal scheme. At the 1913 Registrars' Conference, MacLagan asked for an explanation as to why the Nira Canal Societies 'could not be called co-operative.'² Henry Wolff was critical of the 'capitalist arrangements' on the Canal, too.³

The main difficulty on the Canal, as Ewbank himself admitted, was that there, to a large extent, 'co-operative machinery was being used to fulfil the functions of a land bank'.⁴ In June 1911, so a report of 1914 ran, the cultivators on the Nira Canal had been 'informed' that the government takkavi scheme of finance would be brought to a close by the end of November 1911. They were 'advised' to form co-operative societies, which were in fact 'organized' amongst them during the monsoon.⁵ The Bombay Central Co-operative Bank guaranteed to lend money to them at seven and a half per cent.; the government rate had been nine per

1. Ibid., p.4.

2. Regrs.' Conf. Procs., 1913, p.3.

3. See Rept., 1912, p.5.

4. Regrs.' Conf. Procs., 1913, p.3.

5. Badve, Report on the working of the Nira Canal societies, p.2.

cent. From the beginning it was evident that the ryots had little idea of the meaning of the change from a government to a co-operative scheme. But in fact they were given little chance to appreciate the differences; as a matter of policy it was decided 'to follow as closely as possible the main lines of the Takavi scheme.'¹ Sahasrabudhe, the 'Special Officer' in charge of the government scheme, 'after retiring from government service', became the first agent of the Bank on the Canal. It was doubtful whether many realized the difference in his function. The societies were started with no members' deposits; instead, no doubt to the great relief of Government, the Bank took over the collection of the debts of all the takkavi borrowers and immediately paid a sum representing the outstanding debts into the local government treasury.²

One of the most important aspects of the government scheme had been that the cultivators who were financed had to bring all their produce to the government shop for sale, so that repayment of loans could be enforced.³ This was, of course, merely to imitate the normal methods of the money-lender-cum-shop keeper. A similar practice became a feature of the Bank's scheme; indeed, all that happened was that the government shop became the Bank's shop. But the four 'Circle Inspectors' who had previously been employed were now

1. Ibid.

2. Ibid.

3. Sahasrabudhe, Interim Report...p.1.

dispensed with. These men had visited the borrowers several times during the growing period to encourage good practice and to report on the general state of the crop. The twenty nine new co-operative societies employed five 'secretaries' between them,¹ but it was no part of their duties to inspect the crop; this was left formally to the committees of the societies. Yet there was little encouragement for the committees to perform this duty; as one of the more intelligent auditors remarked, 'patronage remained in other hands, garbed under the name "veiled control".'²

The term 'veiled control' was used to describe the work of Badve, the Special Mamlatdar for the Nira Canal area. All applications for loans from the Bank's branch on the Canal had to pass through his hands and receive his approval. He had 'a practical power of veto in granting loans to members.'³ He controlled the staff of secretaries; in effect he controlled the societies. Badve was efficient and hard working. But he found it difficult to forget Revenue Department ways.

Sometimes they were the only ways that worked, as Ewbank himself knew. At the end of the season in 1913 the despatch of the produce of the canal societies was being delayed by a shortage of railway wagons. Ewbank drafted a

1. Badve, op.cit., p.5.

2. K.S. Gore, Remarks on submitted audit memo on the Nira Canal societies for 1914. (Poona, Nira Canal and Central Bank. Hereafter the title of this file is abbreviated in footnotes to N.C. & C.B.)

3. Badve, op.cit., p.2.

telegram to the railway's head office which read, at first, 'Government Jaggery Store suffering serious loss owing to shortage of wagons at Diksal.' It was perhaps only an afterthought which led him to change the wording in the final draft to 'Government Co-operative Jaggery Store...' - still a somewhat incongruous combination according to co-operative theory.¹

There was a further cause of apathy in the Canal societies, though it was never specifically stated. This was the patriarchal rule of the Raje of Malegaon, and other 'men of rank', in the area - men who were putting their inherited wealth and status to use in the new irrigated economy.

Malegaon was an inam village;² its Raje came from an old Maratha family, and his influence extended throughout Bhimthadi taluka and beyond.³ In the original government scheme the Sardar had 'consented' to 'his' ryots taking takkavi and had stood security for them all. His Karbhari had opened the shop for the disposal of the jaggery and had

1. See Draft Telegram to G.I.P.Railway, Bom., 18 March 1913. (Poona, N.C. & C.B.)

2. See Map in Bhimthadi Taluka, Second Revision Settlement Report. (S.R., G.of B., N.S. No.520.)

3. The Raje of Malegaon was a 'First Class Sardar', one of the seven in the Deccan given powers of civil jurisdiction in their inam areas. See list in Bombay Government Gazette, pt.iii, 3 March 1910. For the influence in Maharashtra of 'the top 96 families', who can trace their prestige and their land holdings back to the time of Shivaji, see Maureen L. Patterson, 'Caste and Political Leadership in Maharashtra: A Review and Current Appraisal', in The Economist Weekly, 25 September 1954, pp.1065-1067.

'lent the services of his relation Mr. Uplekar' to look after it.¹ Perhaps partly for his pains over the takkavi scheme, the Raje was nominated a member of the Legislative Council in 1910. When the co-operative scheme began, the Raje expected to have the same position under it as he had had previously. Ewbank was to a large extent prepared to fall in with the precedents which had been set. 'I should be extremely loth to settle matters in a way that does not command your approval; and am therefore bringing my camp to Baramati on November 8th', Ewbank wrote to the Raje.² The impression had to be given that Ewbank was going to see the Raje: in Indian society a great deal depended on the simple question of whether a person was asked to see a government officer or whether the government officer came to visit him. The Raje was undoubtedly anxious to do the best he could for 'his' ryots, by obtaining funds for them. But the form in which those funds came - takkavi or co-operative loans - did not concern him. He was totally indifferent to co-operation as such.

Another 'man of rank' was potentially far more dangerous than the Raje. This particular person said that he would deposit large sums provided he could have members of his choice in 'his' societies. He had already lost his title of 'Rao Bahadur' because of a criminal action. Badve

1. Sahasrabudhe, op. cit., p.31.

2. Ewbank to Raje of Malegaon, No.4976 of November 1912. (Poona, file cited.)

claimed that this man would 'levy a blackmail. He would insist on the members' gul being brought to him.'¹ Ewbank laid down that this particular man should not be allowed to deposit in 'his' societies.²

But the necessity for more general rules about deposits from 'the interested public' grew after the banking crisis of 1913-1914. The societies came to be looked upon as safe places for investment. Many societies obtained large deposits from 'pleaders, doctors and other pandharpe-shas';³ the committees, Badve claimed, were advancing these large sums 'without my knowledge.'⁴ In the tradition of the area these people demanded a large say in the rule of the societies.

The societies were not really ready for independence - yet if they were not given any freedom of action at all they would not have the chance to develop the very qualities of responsibility which were required.⁵ Here was a familiar enough problem. As in the sphere of local self-government it was tempting in such a situation to emphasize the first consideration and ignore the second. Ewbank eventually decided, however, to risk giving the societies a greater

1. Badve to Ewbank No.56 of 4 May 1914. (Poona, file cited.)

2. Ewbank to Badve No. 3263 of 7 May 1914. (Poona, file cited.)

3. Badve, Report on the working of the Nira Canal Societies, p.4. The word 'pandharpesha' now had a wider connotation than that implied by its original meaning of 'founder' of a village.

4. Badve to Ewbank, No.56 of 4 May 1914. (Poona, file cited.)

5. See Rept., 1912, pp.3-4.

interest in the business conducted by the Special Mamlatdar and the Bank. In 1913 he made tentative approaches to Devadhar for assistance in the formation of a 'Union', for the whole of the Poona District, which might help with the inspection and perhaps the finance of the canal societies. The scheme fell through.¹ Nevertheless the idea continued to appeal, and remained under discussion between the Registrar and the Bank. In 1915 the Bank accepted a proposal for an 'Advisory Committee', appointed by the Registrar from the members, as 'an experimental measure'.²

It was somewhat disconcerting to find that at its first meeting the carefully selected 'Nira Valley Co-operative Board' passed resolutions in favour of recovery of debts 'by instalments', and the postponement of arbitration on outstanding claims. 'If this is a specimen of the work of the Supervising Board', commented E.L.Moysey, who was acting as Registrar at the time, 'it is not likely to be very useful'.³

Raiffeisen probably would not have approved of the structure of the Bombay Central Co-operative Bank. There was only one co-operative society amongst its 911 original

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1. Badve to Haigh, Acting Regr., No.261 of 31 October 1914. (Poona, file cited.)
 2. V.L.Mehta to Regr. No. R5/203 of - - 1915. [Exact Date not given.] (Poona, file cited.)
 3. Chairman, Nira Valley Co-op. Board, to Regr., 22 November 1915 (translated by Badve), and Moysey's comments. (Poona, file cited.)

shareholders, and because the share capital was fully subscribed before the final date for consideration of applications, societies at first could not become shareholders except by buying operations on the open market.¹ One Director, at least, did not want to 'complicate matters', by having societies as shareholders.² But at least the Directors took care to distribute the shares fairly widely: the assertion that if they had wished 'the whole capital could have been subscribed by the Directors',³ is probably true. And, as Ewbank wrote in 1913, the Directors' 'primary object, which they may claim to have attained, was to place money within the reach of the ryot.'⁴ This was the fundamental fact about the Bank. The capital of Bombay was at last reaching the mofussil. Bombay was at last giving something back to the hinterland which, to some extent at least, it drained of capital. During the period from March 1911 to March 1912 the working capital of the rural societies of the Presidency increased from Rs.4,88,552 to Rs.14,47,118.

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1. Bank's evidence, Bom.Prov. Banking Enquiry Cttee. Rept., 1930, Vol.IV, p.431; Rept., 1912, p.3; V.L.Mehta to G.F.S. Collins, Regr., D/O No.1388 of 25 January 1927. (Poona, file cited.)
 2. Evidence of Dr. Stanley Reed, Cttee. on Co-operation in India, 1914-15. (This committee is hereafter referred to in footnotes as the 'Maclagan Cttee.', after its President, E.D. (later Sir Edward) Maclagan. The Minutes of Evidence were in the G. of I. Archives at Simla, but it would appear that some of the records there were not transferred to New Delhi when the change of capitals was made, and henceforward were looked after by the Govt. of the Punjab. The minutes of Evidence are now in the Punjab Records Office, Patiala.)
 3. Reed, loc.cit.
 4. Rept., 1913, p.4.

The Bank's working capital at the end of this period, after five months of working, was Rs.6,23,215; virtually all of this had gone to rural societies and so was responsible for a great deal of the increase in the societies' working capital. In 1913 the working capital of the rural societies, including funds obtained from the Bank, was Rs.22,41,896, the working capital of the Bank Rs.11,84,452; in 1914 the figures were Rs.28,03,849 and Rs.15,04,435. About half of the working capital of the rural societies at this time, then, came from the Bank in Bombay.¹ The proportions were to remain fairly constant, though actual capital was to increase considerably.

'If our Directors cannot get money nobody can', one of them claimed.² The Directors were certainly men of standing in Bombay. Gokhale was included in the original list of Directors, though he never took any part in the Bank's work. But an active Director, Fazulbhoy Currimbhoy, was on the Viceroy's Legislative Council, as, of course, was Vithaldas Thackersey. Sir Shapurji Broacha had charge of the investments of the Maharajah of Baroda,³ and in fact supplied most of the fixed deposits in the early days.⁴ Chunilal Mehta, a family friend of Lalubhai Samaldas,⁵ was the son of

1. For statistics see Rept., 1912, pp.17 & 20; Rept., 1913 pp.21 & 23; Rept., 1914, pp.27 & 29.

2. Reed, Evidence, Maclagan Cttee.

3. Information from Sir Stanley Reed.

4. Reed, Evidence, Maclagan Cttee.

5. Natarajan, Lalubhai Samaldas, p.24.

Vibhukhandas Atmaram, a 'merchant prince'. The person who provided most of the inspiration on the Board, once Vithaldas had ceased to take a very active interest in the Bank, was Lalubhai Samaldas. The Board was not, of course, typical of the Bombay business community; it represented extraordinarily well, however, the small but distinguished group of Bombay 'liberals'.¹

The everyday management of the Bank was left in the hands of Vaikunth Mehta, except for a period when Vaikunth was away, in 1914-15, during which, significantly, K. Natarajan, perhaps the arch-liberal of the time, and the editor of The Indian Social Reformer, acted as Manager. Vaikunth Mehta had only recently graduated from Elphinstone College when he took up his post in 1912. As the son of Lalubhai Samaldas he worked as Manager for a number of years simply for 'pocket money from father'.² Indeed, the Bank in the first few months, before it took up premises in the Fort area, operated from Lalubhai's home at Andheri.³ Vaikunth Mehta had his father's vision, ability, and honesty, and he had also a quiet and gentle modesty of his own. Ewbank and Vaikunth Mehta often toured the societies together. A close

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1. It is perhaps significant that when Gandhi began his agitation in 1916 against indentured emigration to South Africa, two of the four men who helped him first in Bombay, Reed and Lalubhai Samaldas, were Directors of the Bank, and a third, K. Natarajan, was for a time Acting Manager. See The Story of my Experiments with Truth, p.295.
 2. The phrase was used by Sir Stanley Reed in an interview with the author.
 3. See V.L.Mehta to Ewbank, 21 November 1912. (Poona, Original Circulars, I.)

relationship between the Indian and the Englishman grew up. Ewbank was the first European Mehta came to know well,¹ and he apparently made quite an impression on the young Indian; it is probably significant that Ewbank, also a young man, was soon beginning his informal letters 'My dear Vaikunth', instead of 'My dear Mr. Mehta'.²

All the capital which the Bank could provide at this stage was eagerly borrowed by societies in the mofussil.³ Nevertheless there were complaints from some of the societies about the rate of interest charged by the Bank. These came on the whole from the prosperous areas of Gujarat and Dharwar.⁴ The Bank was bound by its agreement with the Secretary of State not to lend at more than eight per cent.⁵ At this time it normally lent at seven per cent.⁶ This was not exorbitant: the Bank rate in Bombay in 1914 was around six per cent.⁷ The linking of the mofussil with the Bombay money-market was obviously fruitful in areas where the normal lending rate was well beyond this figure. Yet it would appear that in the better areas of Gujarat between six

1. Information from Shri Mehta.

2. Vaikunth Mehta was still Managing Director of the Bombay Provincial Co-operative Bank, (as the Central Bank became), when he was called upon to become Finance Minister in the 1946 Congress Government of Bombay. His early experiences no doubt contributed to the moderation, yet complete honesty, of his political attitudes.

3. Reed, Evidence, Maclagan Cttee.

4. Rept., 1912, p.1.

5. See Ewbank, A Manual for Co-operative Societies in the Bombay Presidency, (1914 edn.), p.124.

6. Reed and Thackersey, Evidence, Maclagan Cttee.

7. Reed, loc. cit.

and seven and a half per cent. was the rate at which most agriculturists of good standing could borrow.¹ In these areas the Central Bank's loans were of little use; a Society had to have some margin to work on.

'The Central Bank', Khandubhai Desai of Surat complained, 'has very few expenses and takes nearly all the profits.'² Such charges appear to have been taken up by certain government officials, normally slightly suspicious of 'Bombay business interests', when the time came in 1914 for a reconsideration of the position of the Special Mamlatdars.³ Stanley Reed made a strong representation against weight being given to these charges. Reed was the influential editor of The Times of India; he was not a supporter of radical Indian aspirations, but the members of the Board of the Bank had made an astute move when they had asked him to join them as the sole European director. He fought well on their behalf. None of the directors, Reed told G.S.Curtis, who was acting as Chief Secretary, received any financial reward for his services. The Manager, Vaikunth Mehta, had taken no pay whatsoever for his work; 'the services we have obtained from him', Reed averred, 'would be

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1. Khandubhai Desai, Evidence, MacLagan Cttee. Cf.M.H. /Mahadev/ Desai, 'Co-operation in Gujarat', in B.C.Q., June 1917, p.27.
 2. Khandubhai Desai, loc.cit.
 3. See Reed to Curtis, D/O of 20 April 1914. (B.R.O., R.D. Vol.428 of 1914.)

cheap to us and to Government at the salary of several hundreds of rupees per mensem.' The result of such savings had been that there was now standing to the credit of the Bank 'a substantial sum which looks like a profit.' But under the Agreement with Government half of this sum had to be returned to co-operative societies at the end of three years. The other half was being used to build up the reserve fund of the Bank.¹

There was undoubtedly a good measure of philanthropy in the Bombay Central Bank's work. But the Bank's profits were considerable enough to enable it in 1914 to agree - though reluctantly - to pay half the salaries and expenses of the Special Mamlatdars.²

Ewbank had at one time thought it might be possible to dispense with the Special Mamlatdars when their three year terms of appointment expired in 1914. Their existence obviously rankled in the minds of some. But Ewbank had begun to wonder whether it would ever be wise to ask the Bank to make all its enquiries in the districts itself. 'There is a gulf fixed between the financiers and city men who manage the central Bank and the humble village panchayat, which can only be bridged by the creation of some intermediary institu-

1. Ibid.

2. Mehta to Ewbank No.L-3-1318 of 26 March 1914; Ewbank to Mehta, No.2372 of 2 April 1914; Mehta to Ewbank No.L-4-228 of 28 April 1914, - all encl. Bom. G.R.R.D. No.6066 of 1 July 1914.

tion in touch with both extremes.¹

For want of some better alternative, Ewbank proposed to use as a bridge an institution which was already coming into existence. This was the 'district banking union'. Several of the larger urban co-operatives had for some years been financing rural societies in the surrounding areas. During 1913 Ewbank had induced the urban banks at Surat, Barsi and Dharwar to modify their constitutions so that they approximated to those of the Pabna central banking unions of Bengal.² By 1914 the Surat Urban Co-operative Bank, for instance, had been reconstituted as the 'Surat District Banking Union'. There were 'about forty' rural societies which had become 'affiliated' to it by buying shares. The societies had four representatives out of fifteen on the Union's managing committee; they were inclined to object to the Union's exercising its power to control their borrowing from sources other than the Union and to inspect their books. The Union employed an 'Inspector' who was supposed to check the societies, but he was untrained, and the brunt of this work appears to have been borne by Khandubhai Desai.³ The 'district banking unions', apart, perhaps, from Sane's Barsi taluka union, usually remained urban banks at heart: if money could be lent in the towns why bother to go out into the

1. Rept., 1914, p.6.

2. For the various types of 'unions' in Bengal, see MacLagan Cttee. Rept., p.141.

3. Khandubhai Desai, Evidence, MacLagan Cttee.

rural areas? Such unions would obviously be somewhat unsatisfactory as intermediaries between the Central Bank in Bombay and the village societies.

But Ewbank appears to have thought for a time that they should be given a trial. He wanted the unions to give loans, take bonds and make recoveries on behalf of the Central Bank, earning a commission from the Bank for this work. But the Central Bank was not enthusiastic about unions; it held that their guarantee, made on the basis of the work of their ill-paid and ill-trained inspectorate, was not worth having.¹ Eventually it agreed to lend through unions: 'The transition has been proposed by Government and we simply have to concur,' Reed claimed, somewhat exaggeratedly.² But the conditions which the Bank laid down were so strict,³ and the half per cent. margin that it was willing to allow the unions as commission was so small,⁴ that not a single union decided to act as the Bank's agent.⁵ Ewbank was still casting about for some effective intermediary financing institution when he joined the Maclagan Committee in 1914.

With the Bank Rate at around six per cent. the Bank's debentures, carrying only four per cent. interest,

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1. Ewbank to D.A., No.3311 of 8 May 1914 encl. Bom.G.R.R.D. No.6066 of 1 July 1914.
 2. Reed, Evidence, Maclagan Cttee.
 3. Mehta to Ewbank No. L-4-228 of 28 April 1914, encl. Bom. G.R.cited.
 4. See Khandubhai Desai, Evidence, Maclagan Cttee.
 5. Maclagan Cttee. Rept., p.140.

did not attract ordinary investors. So the only sources from which the Bank could raise its debenture capital, (which was intended to be three times its share capital), were the big trust funds and charitable endowments.¹

Shortly after the Bank had been opened Vithaldas Thackersey asked the Government of Bombay to have the debentures of the Central Bank declared 'eligible for the investment of money held in trust or as charitable endowments.' He based his request on the fact that the Trusts Act of 1882 and the Charitable Endowments Act of 1890 made the 'debentures of Railway or other Companies the interest whereon has been guaranteed by the Secretary of State' eligible in this way.² Though the Bank was not registered under the Companies Act, the High Court was empowered by the Trusts Act to prescribe its securities investments other than those specifically mentioned in the Act. But this the Bombay High Court refused to do, saying that the principal and the interest on the debentures were insufficiently secured.³ The High Court judges refused at this time to give any further reasons for their decision, but the Government Solicitor surmised that the High Court had rejected the Bank's application because, according to the Agreement with the Secretary of State, Government was committed only to the guarantee of repayment

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1. V. Thackersey to Ch.Sec., No.G.-3-723 of 6 March 1914, encl. Bom.R.D. Order No.6270 of 8 June 1915.
 2. Thackersey to Govt., 16 November 1911, encl. Bom.G.R.R.D. No.230 of 9 January 1912.
 3. Prothonotary, High Court, to Solicitor, G. of B., No.367 of 1 July 1913 and No.495 of 11 September 1913, encl. Bom. G.R.R.D. No.635 of 21 January 1914.

of interest on the debentures for forty-one years, and not to the repayment of the principal.¹ It appears that the Bank's solicitors had not noticed the import of this clause at the time when the Agreement was finally endorsed, though they sometimes tried to shift the blame for their oversight to Government.² It was discovered that the Bank's debentures were 'not what everybody thought they were, trustee securities.'³ The Government of India for some years refused to legislate so as to nullify the effects of the Bombay High Court's decision, though the Government of Bombay pleaded with them to do so. It was 'scarcely possible to conceive of any company over which Government exercises a more complete control than his Bank,' the Bombay Government claimed, 'and the freedom allowed to it appears infinitely less than the discretion permitted to the Boards of guaranteed Railway Companies.'⁴

The Bank had great difficulty in getting its debentures taken up after the High Court's decision. This difficulty had repercussions on the whole pattern of the Bank's lending.⁵

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1. Solicitor, G. of B., to Govt., No.1005 of 18 July 1913, encl. Bom. G.R. cited.
 2. See F. Currimbhoy to G. of B., No.S.6-6 of 19 August 1916, encl. Bom. R.D. Order No.2242 of 23 February 1917; also [Fragments of] Thackersey to Ewbank [c. 1916]. (Poona, N.C. & C.B.)
 3. Currimbhoy, letter cited.
 4. P.R.Cadell, Ch.Sec. G. of B., to G. of I., No.9693 R.D. of 9 October 1916, encl. Bom.R.D. Order No.2242 of 23 February 1917.
 5. See below, Chapter VI.

Though the Government of Bombay was willing to give its support to the Bank in its struggle to have its debentures recognised as trustee securities an element of suspicion of its activities remained in that Government. This suspicion was greatly increased by the failures of Indian banks in December 1913 and early 1914. Vithaldas Thackersey lost heavily in the failure of the Specie Bank - and the responsibility in the matter which he felt so keenly was actually his, to some extent.¹ So the Government of Bombay's action earlier in 1913 in refusing to allow the Bombay Central Co-operative Bank to invest its funds in the Specie Bank - in spite of the Directors' protests of the soundness of the Specie Bank's finances ² - was justified by events.

The Central Co-operative Bank itself weathered the storm remarkably well, however. Its shares fell from 23 to 14 $\frac{3}{4}$ and some short term deposits were withdrawn. 'But it was never forced to stop or curtail its lending business or to raise its rates. Any deposits that were withdrawn were at once replaced by one of the Directors. At no time was it in the slightest danger'. Its position, Ewbank claimed when he wrote his Annual Report in 1914, was 'now as strong as ever.'³

Nevertheless, when, as a direct result of the

1. See Kaji, Vithaldas Thackersey, p.137.

2. Bom. G.R.R.D. No. 10309 of 13 November 1913 and enclosures.

3. Rept., 1914, p.4.

Bombay banking crisis, A.E.English, the Registrar in Burma, suggested a full scale Government of India inquiry into the workings of the co-operative movement,¹ Lamb, the Revenue Member of the Bombay Government, welcomed the proposal. He hoped that the inquiry would concentrate on the stages 'above that of the individual society.'² A few months later, what became known as the 'MacLagan Committee' was born.

The desire to give the non-official element as large a rôle as possible in the movement is a thread which runs consistently through Ewbank's administration. Ultimately willingness to trust the non-official element at this time in Bombay stemmed to some extent from Lord Willingdon, the Governor from 1913 to 1918.³

Of course, new honorary organizers were usually chosen from those who had already earned the trust of Government. They might be presidents of municipalities like R.G. Naik in Belgaum⁴ and S.K. Rodda in Dharwar.⁵ They

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1. L.J.K. [Kershaw?], Note, 6 July 1914. (N.A.I., G. of I., R. & A. Dept. (L.Rev.), Loose A.Procs., November 1914, File 312 of 1914.)
 2. Lamb, Note, 23 August 1914, below R.D. Unofficial Reference No.7691 of 18 August 1914. (B.R.O., R.D. Vol.428 of 1914.)
 3. Information from Sir Robert Ewbank; cf. Gandhi, The Story of my Experiments with Truth, pp.276, 279. Lord Willingdon: M.P., 1906-12; Govr, Bom., 1913-18; Govr. Madras, 1919-24; Governor-General, Canada, 1924-30; Viceroy of India, 1931-36.
 4. See Ewbank to D.A., No.2123 of 9 May 1912, encl. Bom. G.R.R.D. No. 5207 of 1 June 1912.
 5. See Ewbank to D.A., No.5180 of 18 November 1912, encl. Bom. G.R.R.D. No.11673 of 23 December 1912.

might come from the traditional leaders of society:

Krishnarao Dhulap, the honorary organizer for the Ratnagiri District, for instance, was an inamdar and was reported by Ewbank to be 'an influential man of an old Maratha family.'¹ S.D.Garud, as well as being a pleader in Dhulia, West Khandesh, was a jaghirdar.² He was for a time an elected member of the Legislative Council; but he tended on the whole to go along with Government. The taluka town pleaders possessed a great deal of influence amongst a litigious peasantry. Hence the importance of a man like M.R. Tarkunde, a pleader of Saswad, as an organizer of societies amongst the malis of that area.

Brahmans tended to predominate amongst the honorary organizers of the pre-war years. It is significant, however, that even at that time the possession of wealth, as well as high traditional social status, was emphasized when honorary organizers were being chosen, particularly in commercially-minded Gujarat. 'Mr. Ambáshankar Uttamram Malji is a wealthy and influential gentleman of Broach and should be classed as proposed by the Registrar', wrote an officer in the Bombay Secretariat when Malji was appointed to take the place of Motilal Chunilal, who retired from co-operative work in 1913.³ Malji was a Brahman whose family had taken to

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1. Ewbank to D.A. No.4831 of 23 October 1912, encl. Bom. G.R.R.D. No.11241 of 9 December 1912.
 2. See Ewbank to D.A. No.1719 of 29 March 1913, encl. Bom. G.R.R.D. No.3908 of 25 April 1913.
 3. Note, attached Bom.G.R.R.D. No.905 of 30 January 1914, (Original). (B.R.O., R.D. Vol.428 of 1914.)

commercial pursuits; he was both a pleader and a millowner. Ewbank recommended that Malji should be placed 'in the first class'.¹

This division of the honorary organizers into first, second and third classes came into operation most obviously in respect of the grant of travelling allowances for the honorary organizers' tours. An honorary organizer received a grant for the class of train travel which corresponded to his 'class' as an organizer. Organizers were classified 'according to their social standing and on a scale slightly above their estimated private income'.² In a status-conscious society some sort of gradation was probably necessary, but there were some incongruities. Raghunath Garud, 'a young man who has not yet taken any part in public life',³ was put into the first class immediately on joining the movement, mainly because of the reputation of his family as Khandesh jaghirdars. On the other hand, Ewbank had to obtain the special permission of Government before he could place S.K. Rodda in the first class. Rodda, in 1912, was the President of a Municipality and a man of 'far-reaching local influence', and he was also an elected member of the Legislative Council. But he had been on the salary of an 'officer of the second class' when he had retired from

1. Ewbank to D.A. No.6549 of 15 December 1913, encl. Bom. G.R. cited.

2. Bom. G.R.R.D. No.2705 of 19 March 1918.

3. Ewbank to D.A. No. 10566 of 23 October 1916, encl. Bom. G.R.R.D. No. 12760 of 27 December 1916.

government service in 1908.¹ Such distinctions produced, it was later admitted, 'a certain amount of jealousy and friction'.²

Sometimes the choice of honorary organizers was unfortunate. Ewbank at one stage was quite sure that he had found an extremely useful addition to his band in the person of an 'influential pleader with a large practice' and the President of a Municipality in Khandesh.³ A year later Ewbank was writing lamenting that this particular person had been 'of no use at all. His inactivity has hindered rather than helped the movement.'⁴

Some honorary organizers worked extremely hard. In 1915, R.G. Naik at Belgaum claimed to have spent the whole or parts of 181 days in co-operative work and to have despatched 387 English and 157 vernacular letters. Naranbhai Desai, who worked amongst the Kolis of Mandvi taluka, was apparently not far behind. They were given part-time clerks as assistants.⁵ But most of the honorary organizers were, in the words of R.M. Sane, 'more or less holiday workers'.⁶

The Gujarat honorary organizers, in particular,

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1. Ewbank to D.A. No.5180 of 18 November 1912, encl. Bom. G.R.R.D. No. 11673 of 23 December 1912.
 2. Bom. G.R.R.D. No. 2705 of 19 March 1918.
 3. Ewbank to Govt., through D.A., No. 8087 of 17 November 1915, encl. Bom. G.R.R.D. No. 13352 of 14 December 1915.
 4. Ewbank to Govt., through D.A., No.10566 of 23 October 1916, encl. Bom. G.R.R.D. No. 12760 of 27 December 1916.
 5. Bom. R.D. Order No. 7030 of 15 July 1916, on Ewbank to D.A. No.3036 of 10 April 1916.
 6. Sane, 'Notes on Conditions precedent to the Registration of a Rural Co-operative Society', in Prov. Co-op. Conf. Procs., 1912, p.44.

were apt to give an unnecessarily officious flavour to their work. They were likely to call upon the secretary and even all the members of a society to travel considerable distances in order to meet them. Ewbank issued a circular which spoke of frequent complaints about this. Members 'should never be called more than a mile or two at most unless there is the most pressing need for their attendance.'¹ It should perhaps be added, however, that the organizer in Gujarat who arranged to meet at a central place only the secretaries of a number of societies was usually merely following normal Revenue Department practice. Most of the secretaries of societies in Gujarat were talatis, and, especially in North Gujarat, these people frequently lived in the taluka town rather than in the villages they superintended. Co-operation suffered from this system as much as any other government department. For instance Motilal Chunilal, as an ex-revenue officer, assumed, seemingly without question, that the societies in the Prantij taluka of Ahmadabad district could all be audited from the one place. 'The Secretaries of the ten societies are, so far as I know, Talatis, who are always to be found in Prantij; if not he [the auditor] can always write in advance.'² No doubt the prevalence of such attitudes contributed to

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1. Ewbank to all Honorary Organizers, Gujarat, No. 2651 of 14 December 1912. (Poona, Original Circulars, II.)
 2. Motilal Chunilal to Ewbank, No.43 of 31 January 1912. (Poona, Miscellaneous XVIII, Orders on Audit and Inspection.)

Ewbank's tart comment on the Prantij societies: 'officially started, and exhibiting all the defects of their origin.'¹

Amongst the honorary organizers at this time, then, there were all sorts. A few such as Sane and Devadhar took part in co-operative work simply because they felt good could come from it. Many others no doubt had mixed motives. Some might be seeking titles and similar recognition from Government; others might be wishing to reinforce their traditional status - though some traditional leaders seemed to simply fall naturally into the positions which they felt were theirs by right; others again, such as the pleaders, might have assisted partly in order to give themselves added contacts with potential clients. The honorary organizers came mainly from the educated, 'English-knowing' classes. There were few real rural leaders amongst them. They were usually 'loyal' - though at this time it was really not very fashionable to be actively 'disloyal'. Yet the days of the gentlemen honorary organizers were already numbered.

The 1904 Co-operative Societies Act had provided for the registration only of credit societies. The possibilities of forming other types of societies were realized, but it was felt that it was better to experiment first with the relatively simple credit societies. However, a demand had arisen in some provinces for registration of societies

1. Rept., 1912, p.7.

other than credit societies, particularly co-operative marketing societies. By 1912 it was felt that the knowledge of co-operative principles was now such that this demand could be met.¹ With the concurrence of the Government of Bombay² the Government of India passed a new Act.³ The Act of 1912 permitted registration to any society which had as its object 'the promotion of the economic interests of its members in accordance with co-operative principles'.⁴

Though there had been little demand for non-credit societies in Bombay, the Bombay Government felt that they should keep up with the other provinces and experiment with co-operative purchase and sale. They thought a beginning could perhaps be made with co-operative purchase and storage of fodder and with co-operative milk marketing.⁵

Ewbank's initial response was, understandably, a little cool: he had difficulties enough with the opening of the Central Bank and the associated Nira Canal scheme. 'The prime need of the agriculturist', Ewbank asserted in his Report for 1913, 'is cheap and ready credit.... Until credit has been really cheapened and democratized, it would be suicidal for societies to dissipate their funds...upon speculative purchase and sale.'⁶ Apparently in direct reply

1. See Maclagan Cttee. Rept., p.7.

2. Bom.G.R.R.D. No.3632 of 21 April 1910.

3. For the explanation of the Act see India, R. & A. Dept. (L.Rev.), Circular No.13-C of 9 March 1912, in Ewbank, Manual, (1914 edn.), pp.209-213. For the Act itself see Ewbank, Manual, (1919 edn.), pp.17-32.

4. Clause 4.

5. See Rept., 1913, p.10.

6. Ibid.

to this, the Government of Bombay, in their resolution on this report, explicitly declared that 'the co-operative movement will not have its full effect on the agricultural economy of the Presidency unless the purchase of agricultural requirements and the sale of agricultural produce are organized on a co-operative basis.'¹

Now Ewbank was not one to avoid responsibility. Nevertheless, the initiative in the earliest development of societies other than credit did not come from the Registrar. It came from two outstanding officials of the Agriculture Department, one British and one Indian.

Dr. Harold H. Mann, then Principal of the Poona Agricultural College, organized a society for the co-operative supply of manure on the Mutha Canal, near Poona.² It was one of many experiments made in the Bombay Presidency by this far-seeing scientist, sociologist and social worker. Harold Mann was, to quote the Bombay Co-operative Quarterly, 'one of those rare officials in India who are as unlike the popular conception of an official as any individual can be'.³ In the first place he had not a background of public school and Oxford or Cambridge. Instead, he had had a scientific training at Yorkshire College, Leeds, not yet a full University, and at Manchester, and, before going out to India, had

1. Bom. G.R.R.D. No. 9101 of 4 October 1913.

2. Mann to D.A. No. 3518 of 16 November 1912, encl. Bom. G.R.R.D. No. 11465 of 14 December 1912.

3. B.C.Q., December 1927, p.134.

also made a pioneering sociological study of life in an English village, which had brought him to the notice of Charles Booth and Patrick Geddes.¹ He was always a Yorkshire puritan at heart - in India he interested himself in the causes of temperance, untouchability and prostitution.² He was responsible for sociological investigations of village life in India³ which remain virtually unequalled for accuracy,⁴ and according to one writer, the college of which he was the first Principal, came to be 'the best known agricultural college in the East.'⁵ Particularly as Director of Agriculture in Bombay from 1921 to 1927, Mann was responsible for scientific agricultural investigations of a high order. He counted Gokhale, Tilak and Gandhi among his friends:⁶ the Mahratta, the organ of Tilak's party, wrote in 1920, when there was a possibility of his retiring, that he had 'loved India with the intensity of an Indian'.⁷ Naturally, some of his compatriots found this outspoken and often obstinate man, who was in any case not a member of the I.C.S., somewhat difficult to fathom.

V.H. Gonehalli, then 'Extra Deputy Director of

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1. See Harold H. Mann, 'Life in an Agricultural Village in England', in Sociological Papers, (Sociological Society), 1905.
 2. B.C.Q., loc. cit.
 3. Land and Labour in a Deccan Village, Vol.I, 1917; Vol.II, 1921.
 4. See, Walter C. Neale, 'The Limitations of Indian Village Survey Data', in Journal of Asian Studies, May 1958, pp. 398-399.
 5. T.F.Main, Acting D.A., Annual Rept. of the Department of Agriculture in the Bombay Presidency, 1922-1923, p.17.
 6. Information from Dr. Mann.
 7. Mahratta, 13 June 1920.

Agriculture', was responsible for organizing the first co-operative dairy for the supply of milk to Bombay. Gonehalli was the son of a poor cultivator in the Kanara District. He had worked in the fields until he was fifteen. By dint of 'remarkable powers of perseverance and self help' he won his way by scholarships to a school teaching position, to Bombay University, and finally to Cambridge.¹ There he read for a degree in agriculture. He worked for ten years in the Agriculture Department after his return to India, and it is, of course, during this time that he made his most significant contributions to co-operation. Then, after more study in England, he joined the Provincial Civil Service. He died at a comparatively early age; he had already reached the rank of Collector, maintaining that it would be of 'great benefit' if his fellow officers had his agricultural background.² Gonehalli's rise, which perhaps seems a little freakish, may to some extent have been due to the very fact of his lowly origin. Nevertheless, he undoubtedly had great ability and tremendous enthusiasm.

By 1914 Ewbank felt more confident that he would be able to cope with co-operative purchase and sale. Accordingly,

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1. R.P.Barrow: Sec. G. of B., R.D., to G. of I., R. & A. Dept. (Agric.), No.261-P. of 13 July 1906, encl. Viceroy to Sec. of State, Despatch No.21 (Agric.) of 2 August 1906. (I.O.L., Rev. Letters from India, 1906.) See also B.C.Q. December 1929, p. 183. The author has heard Gonehalli held up as an exemplar even today by an ambitious but not particularly high government official.
 2. R.C. on Agric., Mins. of Ev., Vol.II, pt.i, p.189.

when Gonehalli became keen about the possibilities of co-operation as a means of agricultural improvement, Ewbank obtained permission to utilize his services chiefly in the organization of non-credit societies amongst agriculturists.¹

In 1916, Gonehalli reported - 'briefly', but in fact at great length, as was his custom - on the progress which non-credit societies were making. His report gave the impression of immense activity and optimism. 'If the department succeeds in starting and developing in the next few years three to five purchase societies in each taluka,' Gonehalli wrote in one place, 'the problem of agricultural organization in respect of supplying seed, manure, and implements ordinary and improved will have been undoubtedly solved to a very considerable extent.'²

Ewbank was forced to add a note of his own to Gonehalli's report. It was a perceptive note, necessarily something of a lecture. Gonehalli's 'actual accomplishment', Ewbank pointed out, was in fact only nine non-credit societies that were working and three that were not, together with three ordinary credit societies. In addition Gonehalli had done a good deal of spadework, but many of his embryo 'societies' might never reach the registration stage. Gonehalli had been most successful in arousing interest - 'and even', Ewbank added with perhaps a touch of envy, 'enthusiasm'

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1. Bom. G.R.R.D. No. 7330 of 7 August 1914, on D.A. to Govt., No. A-5887 of 18 June 1914.
 2. Gonehalli to Ewbank, No. 312 of 1 March 1916, encl. Bom. R.D. Order No. 5669 of 2 June 1916.

- for his schemes. But some of the societies which Gonehalli had recently organized were not, Ewbank considered, organized 'on a thoroughly business like and paying basis'. Ewbank proceeded to emphasize that before any society was set up 'The amount of profit that will be earned must be forecasted and compared with existing methods.' To be effective, Gonehalli would have to concentrate his efforts in one or two areas of the Presidency and not leave the completion of his schemes to subordinates or 'inexpert local endeavour.' 'Flying visits' were of little use; when necessary, Ewbank said, using almost the same words as those which Campbell had used about himself, Gonehalli should be able 'to sit down for a week at a time beside a new type of society'. And Ewbank still believed that 'A credit society is the easiest to organize, is valuable as a training ground for more difficult enterprises, and is the first condition of most of the new schemes....Societies formed of indebted agriculturists have no chance of success till the underlying credit problem has been solved.'¹

On the whole, Ewbank's caution was necessary in a movement that was often somewhat unthinkingly dedicated to removing the apparently unnecessary 'middleman'. The middleman, Ewbank was sure, would not be 'obliterated without a struggle.'² Ewbank saw more clearly than many the attention to detail, the business ability and the members' loyalty

1. Ewbank to D.A. No.1930 of 8 March 1916, encl.Bom. R.D. Order cited.

2. Rept., 1914, p.12.

that were necessary if non-credit societies were to be a success.

Perhaps the best general picture of the societies at this time was provided by P.B.Haigh, who wrote the 1915 Report. He was merely acting as Registrar while Ewbank was away as Secretary to the MacLagan Committee and on leave; his views, therefore, are really those of the intelligent and informed outsider. Haigh was told by a member of the Committee of a society in the Deccan that 'a society means that our Rao Saheb distributes Government money to poor menIt is a matter for regret that in rural areas, societies intended for the poorest and most ignorant classes have proved a failure.' This was in spite of the fact that 'The most strenuous efforts were made by Mr. Campbell'. But Haigh had come to the conclusion that 'The man with "the economic holding" who can do a little more than make both ends meet, is our most promising recruit'.¹ This had been Ewbank's guiding principle all along, although he had never put it in so many words.

There was the usual crop of failures and even scandals. Of course, the records magnify these: the Registrar's life tended to be largely taken up with such problems, while the good societies were to a considerable extent left to take care of themselves, in the hope, perhaps, of

1. Rept., 1915, p.9.

honourable mention in the Registrar's Annual Report.

As an instance of a bad society we may take a society in Broach District, whose registration was cancelled by Haigh in 1915. The Chairman of the Society was also the Secretary, and none of the other members of the Committee or of the society had attempted to interfere with him. He 'persistently endeavoured to avoid having his books inspected', and they could only be secured by the unusual procedure of having an order issued under the section of the Act which permitted such a course.¹ When the society was cancelled² the wily chairman appealed against the ruling. E.L. Moysey³ was then acting as Registrar. He, after consulting Malji, the Honorary organizer, refused to rescind his predecessor's order. Malji reported that before cancellation the societies' members had been so apathetic that it was difficult to collect them for a general meeting without the 'assistance' of that powerful figure in the revenue administration, the Mamlatdar. The society owed Rs.4656 to the Broach Co-operative Bank and Rs.3367 to the Bombay Central Co-operative Bank. Malji thought, according to Moysey, that the cancellation of that society would have 'an excellent effect on the rapidly growing number of societies in Broach District, several of which appear to

1. Section 17(3).

2. Order of Haigh, Registrar, 12 July 1915, (Poona, D.A.8.)

3. E.L.Moysey: Asst. Collr., Sind, 1901; Asst. Collr., Bom., 1909; Acting Regr., 1915; ret'd., 1922

resemble this society too closely.... At present members of societies, especially it seems, in Gujarat, are apt to leave everything to the Managing Committee.'¹

In the most prosperous parts of Gujarat co-operative credit could make little impact. At first sight it appeared that this was simply because the majority of the inhabitants had no need of it. Yet there was another side to the picture. According to Khandubhai Desai every large village in such areas had several men who had surplus cash to lend. He claimed that these wealthy men were trying to extend their holdings and to reduce the others in the village to the status of labourers.² Statistics on the matter may not be very accurate,³ but a reliable contemporary observer, Harold Mann, had little doubt that the process was going on.⁴ Khandubhai asserted that the prosperous opposed all the efforts of the poorer cultivators to help themselves by forming co-operative societies. As soon as a society was formed in a village the old creditors began to press their claims. A new society in these areas, he thought, needed a loan large enough to pay for half the expenses of cultivation of its members. Otherwise, it had no chance of

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1. Moysey to D.A.No.7489 of 15 October 1915. (Poona, file cited.)
 2. Khandubhai Desai, Evidence, MacLagan Cttee, (Patiala.)
 3. J.N. Barmeda points out that tenants may enter themselves as owner cultivators at the time of the census simply because of the added status thought to be obtained in this way. (Barmeda, Agricultural Tenancy in Gujarat, p.99. Unpublished Ph.D. thesis, University of Bombay.)
 4. Mann, Economic Progress of the Rural Areas of the Bombay Presidency, 1911-1922, pp.52-53.

competing with the old system. But the Bombay Central Bank, he claimed, gave 'only a tenth' of what was required in these circumstances.¹

The only really encouraging feature about co-operation in Gujarat at this time was the enthusiasm which was found amongst the Kadva patidars of Surat. Amongst them, the African-returned seemed to be providing most of the leadership in a movement for general social and economic reform in the caste.² Some of those who returned had made so much money that they joined the class of absentee landlords. Others, however, had only enough to enable them to take up again, with higher hopes, the lands they had left. One of these was Purshottamdas Itcharam Patel, who was beginning to start out as a genuine popular leader in the co-operative field. He had been educated only in Gujarati but he had learnt 'the benefits of working together'³ in the Civil Resistance Movement in South Africa. Already, in 1915, his credit society was extremely prosperous and well managed, and was lending money to the other agricultural credit societies in the neighbourhood.⁴ In that year Ewbank made

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1. Khandubhai Desai, Evidence, MacLagan Cttee. (Patiala.)
 2. Dr. David Pocock confirms that to some extent the same process was at work amongst the Leva patidars of Kaira and Baroda. But the Kadva patidars were less wealthy than the Leva patidars, and were therefore more inclined to put into practice the resolutions about marriage and dowry reform, and social reform generally, which, under the influence of the African-returned, they frequently passed at caste conferences.
 3. C.M. Gandhi, 'Glimpses of the Co-operative Movement', in B.C.Q., April 1954, p.16. Cf. D.A. Shah, 'Let us remember our own pioneers in time', in B.C.Q., March 1946, p.160.
 4. Khandubhai Desai, Evidence cited.

him an honorary organizer.¹ Here was someone quite different from the townsmen on whom Ewbank usually had to rely.

Many of the notable developments at this time in the unirrigated areas of the Deccan took place in the Barsi taluka. The Barsi taluka was a somewhat exceptional area, completely surrounded by the Nizam's Dominions and in respect of soil and rainfall 'distinctly better than the rest of Sholapur district',² with which it was included. Sane in Barsi was giving up some of his legal practice in order to devote himself more to co-operative work.³ G.J.Padhye, who had been in charge of liquidating Campbell's North Satara societies, founded a number of societies in the entirely different irrigated area in the South of the District.⁴ In East Khandesh, not strictly speaking in the Deccan, Otto Rothfeld, the Collector, was able, at the end of the period under discussion, to persuade some of the 'wealthy and progressive' inhabitants to form societies.⁵ Rothfeld was thus, though perhaps he did not realize it at the time, preparing himself to be the next Registrar.

Developments in the Karnatak revolved to a considerable extent around the personality of K.B. Bhadrapur. Bhadrapur was a member of the Raddi community, which was 'a small one and comparatively backward.' He was 'one of

1. Bom.R.D. Order No.4889 of 10 May 1916.

2. Bom.Prov. Banking Enquiry Cttee. Rept., Vol.I. p.39.

3. Rept., 1913, p.2.

4. Rept., 1914, p.10. Rept., 1915, p.11.

5. Rept., 1916, pp.9-10.

the rising hopes of his caste',¹ being 'the first Raddi M.A.'²
 As a 'rising hope' he attempted in a rather novel way to break into the circle of power and privilege that was normally controlled, in the Districts, by the Indian Deputy Collector. He offered himself to Ewbank as a wholetime auditor, completely unpaid, while making it clear that he looked forward to an appointment as Deputy Collector if an opportunity occurred.³ He was appointed as an auditor, but Government insisted that he must be paid and that his appointment would not necessarily give him any claim to an appointment as a Deputy Collector.⁴

Bhadrapur did not confine his activities to mere auditing work. His position with the agricultural classes, both Raddis and Lingayats,⁵ was one of great influence. Ewbank, looking back in later life, averred that it was he⁶ who 'set the Movement really going in the Southern Division'. Bhadrapur received his appointment as a probationary Deputy Collector in 1915.⁷ But within a year Ewbank wanted him

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1. Ewbank to D.A.No.1182 of 3 February 1917, encl. Bom.R.D. Order No.5434 of 1 May 1917.
 2. Ewbank to D.A.No.10941 of 1 November 1916, encl.Bom.R.D. Order No.11855 of 1 December 1916.
 3. Ewbank to D.A.No.5184 of 25 September 1913, encl.Bom.G.R. Finance Dept. No.4038 of 7 November 1913.
 4. Bom.G.R.cited.
 5. Over half the Raddis are Lingayat by religion. See R.E. Enthoven, The Tribes and Castes of Bombay, Vol.III. p.258.
 6. Ewbank. 'Memories of the Early Days', in B.C.Q., April 1954, p.5.
 7. Bom.R.D. Order No.10637 of 6 October 1915.

back as an 'Assistant Registrar'.¹ Bhadrapur was somewhat reluctant to leave his position as Deputy Collector. This at first greatly annoyed Ewbank,² but he soon came to see Bhadrapur's point and supported his request for a lien.³ The two appear to have worked together happily thereafter.

It was a central principle of co-operation as it was introduced into India that the security for loans should be personal, depending primarily on the character of the man and his sureties and not on the extent of his property. This, it was thought, was what would distinguish co-operative credit, from the saukar's credit. But a Government of India Resolution of 1914, surveying the lessons that had been learnt in the co-operative field over the previous ten years, pronounced that mortgages had their uses; co-operative credit need not necessarily be personal.⁴

Campbell's small societies for poor men had had to be based almost solely upon personal credit. And Ewbank's 1914 Manual states that in the case of small loans, of up to Rs.200 or Rs.300, personal surety would usually be sufficient. Two sureties were generally required: 'They may or

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1. Ewbank to D.A.No.10941 of 1 November 1916, encl.Bom.R.D. Order No.11855 of 1 December 1916.
 2. Ewbank to Commr. S.D.No.12554 of 13 December 1916. (Poona, 'Permanent EST.')
 3. Ewbank to Commr.S.D. No.12915 of 21 December 1916. (Poona, file cited.)
 4. India G.R., R. & A. Dept.(L.Rev.) No.12-287-1 of 17 June 1914. (B.R.O., R.D. Vol.428 of 1914.)

may not be members of the society but they must be honest people known to the Committee.'¹

But Ewbank was firmly of the opinion that 'loans for larger amounts or for longer periods...require a firmer security than personal sureties can offer.'² In the Nira Canal area, besides personal sureties, a mortgage was almost always insisted on. The societies' mortgage bonds were deposited with the Bank.³ Sometimes a mortgage without possession was taken. This was often sufficient. Under the system of unlimited liability a borrower's land was always liable to be sold in order to make good a default. The main object of taking a mortgage was therefore often simply to prevent the alienation of the land to parties other than the societies.⁴ But when large loans were made for the redemption of old debts, as distinct from current needs, mortgage of land with possession was always taken. The land was then leased again to its 'real' owner on an 'annually renewable rent note'.⁵

In Bombay forty three per cent. of the total amount advanced by co-operative societies during 1913-14 was secured on land of one variety or another.⁶ This state of affairs did not, perhaps, worry the non-official leaders of the co-

1. Ewbank, Manual, (1914 Edn.), p.77.

2. Ibid., p.78.

3. Reed, Evidence, Maclagan Cttee. (Patiala.)

4. Maclagan Cttee. Rept., p.42.

5. Ewbank, Regrs.' Conf. Procs., 1913, p.20.

6. Maclagan Cttee. Rept., p.41.

operative movement very much; on the whole they came from classes amongst whom mortgages were part of the accepted way of things. At the 1913 Provincial Co-operative Conference a paper by S.S. Talmaki on 'Personal Credit' was 'recorded' without discussion. But Ewbank was concerned about the situation, at least insofar as the Central Bank's emphasis on real credit allowed its methods to remain 'very mechanical.' Here, he thought, was another argument in favour of 'Unions'.¹ Ewbank claimed that the use of mortgages in the Nira Canal area saved credit from becoming 'dangerously facile'.² There can be little doubt that he was correct. Nevertheless, he must have found cause for thought in 1914 in the rather ominous report of Badve, the Special Mamlatdar, that 'in many instances' defaulters in the Canal area, under pressure of 'repeated dunnings... through the Secretaries and their peons', had paid off their debts to the societies 'by selling their lands or other property.'³

With the increasing emphasis on real credit the problem of accurately ascertaining the debts of members or prospective members arose in acute form. The officers of the societies often had difficulty of gaining access to the

1. Ewbank, D/O to Khandubhai Desai, 24 March 1914.
(Poona, N.C. & C.B.)

2. Regrs.' Conf. Procs., 1913, p.2.

3. Badve, Rept. on the working of the Nira Canal Societies, p.6.

'Record of Rights' kept by the village accountants. The desire of the members of co-operative societies to explore the mysteries of the village records was resented by the accountants. It was an intrusion into the system of power and sometimes of corruption which they had built up over the years. Ewbank sent a Circular Order to the accountants of the villages reminding them that, according to the Land Revenue Code, members of the public could see the records 'at reasonable hours'.¹ But in the circumstances of the Indian village there was obviously plenty of room for disagreement here.

The Record of Rights, even if it was open for inspection, did not necessarily give an accurate picture of the land and its encumbrances. Under the Land Revenue Code a person acquiring a right to land had three months given to him to report his acquisition. At any given time, therefore, there might be three months' transactions unreported and unentered in the Record of Rights. Even if the encumbrances were correctly shown, it was still difficult to know how much actually remained owing under each.²

As credit came to be increasingly bound up in this way with legal formalities the problems of recovery, which Campbell had seen in relation to summary procedure, began to increase. Ewbank believed that Campbell's proposals had been

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1. Ewbank, Circular Order No.5 of 1 March 1916. (Poona, Original Circulars, I.)
 2. G.S.Curtis, Note, Maclagan Cttee. Evidence. (Patiala.) Cf.Bom.Prov.Banking Enquiry Cttee. Rept.,1930, Vol.I.p.188

rejected 'for adequate reasons'.¹ Nevertheless it was true that - as an extremely candid Government Press Note put it in 1915 - societies had 'continually chafed at the delay, trouble and expense involved in filing suits in the Civil Courts.' The Press Note quoted 'a few eloquent examples'. Up to the end of 1913 eighteen suits had been filed in Baramati to recover the total sum of Rs.16,191. Every case was undisputed, but the societies concerned had to pay Rs.914 in court fees and Rs.348 in pleaders' fees. There were further losses too. In every one of the twelve cases decided by the end of the year the Court allowed no interest at all from the date of filing the suit to the date of the decree, though the societies had to continue paying interest on the money to the Bank during this time. Furthermore, the debtor was usually allowed a period of six months for payment, and in some cases it had been ordered that interest on the amount claimed should cease altogether from the date of the decree.²

Ewbank for some time toyed with the idea of appointing non-official 'arbitrators' in such cases.³ During 1914 he worked on a set of draft rules on the subject, which were published in their final form in January 1915.⁴ Under these

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1. Ewbank to D.A.No.5884 of 20 August 1914, encl.Bom. G.R.R.D. No.598 of 18 January 1915.
 2. Press Note, forwarded to editors etc. under Govt. Letter No. 5660 of 21 May 1915. (Poona, in Government Resolutions file.)
 3. See Regrs.' Conf. Procs., 1913, p.22.
 4. Bom.G.R.R.D. No.598 of 18 January 1915, published (without enclosures) in Bombay Government Gazette, pt.i. 21 January 1915, p.215.

the Registrar himself could act as arbitrator or appoint one or three non-official arbitrators. If arbitrators were appointed no legal representation was allowed to the parties. The clause permitting the Registrar himself to act was to enable him to settle serious cases himself, when local feeling was running high or where defaults were serious. 'It is a duty outside the natural functions of his office', Ewbank declared, 'and he will of course not take up any more cases than he can help.'¹ Any appeals were to be made within a month, to the Registrar in the case of arbitrators, and to the Director of Agriculture in the case of the Registrar. 'The Registrar is very averse to undertaking the duty of deciding appeals', Ewbank wrote, 'but to transfer it to the District Court would be fatal to the whole scheme.'²

The government press release may well have appeared to have been deceptively over-sanguine about the suitability of such forms of arbitration to co-operative cases: 'cases between co-operative societies and their members are always simple and intelligible, and ... the claims are almost invariably just and supported by ample evidence.'³ But at least the arbitration system was used. The clauses concerning arbitration in the Deccan Agriculturists' Relief Act, on the other hand, had never been operative.⁴ The arbitration

1. Ewbank to D.A. No.5884 of 20 August 1914, encl. Bom. G.R. cited.

2. Ibid.

3. Press Note cited.

4. See D.R. Gadgil, Introduction to K.G. Sivaswamy, Legislative Protection and the Relief of Agriculturist Debtors in India, p.ii.

system was, in fact, probably over-used by co-operators. By the end of Ewbank's régime in 1919 there were nearly 1000 arbitration cases annually;¹ by 1922 there were 1600. As the Registrar insisted in that year, many of these cases were fundamentally the result of 'carelessly giving away money'.²

Whatever authority made the award in a case concerning co-operative societies, it still had to be executed. In December 1914 Badve wrote to Haigh in great distress about the dilatoriness of the Revenue Department in executing the decrees which the Court had made in October 1913. The Court allowed the defaulters four months in which to pay. When the payments were not made darkhasts had to be obtained from the Court. It was August 1914 before they could be sent to the Collector. They were then forwarded to the Mamlatdar in Baramati. More time was lost in going through the procedure of issuing various notices; finally, the date for holding the auction of the land of the debtors was fixed for January 1915. At this stage most of the worst defaulters applied to the Collector for a grant of postponement of the sale of their lands until their crops had been harvested. This was given. 'I don't think that they would ever pay the money due from them within the time allowed by the Collector', Badve complained. 'Certainly such things are most disheartening....So

1. Ewbank to Govt. No.6318 of 22 May 1919, encl. Bom.R.D. Order No.14140 of 3 December 1919.

2. Otto Rothfeld, Regr., Prov. Co-op. Conf. Procs., 1922.p.26

long as this pusillanimous method of the civil procedure continues to govern the transactions of the societies, I am afraid, the movement has little chance to succeed [sic].... I may kindly be excused for being somewhat outspoken.'¹

This letter was passed on to the Collector of Poona. Somewhat stung by what was, indeed, a degree of outspokenness unusual in a subordinate official, he fastened on one particular case, claiming that he had never been advised that the Court decree was one in favour of a co-operative society. This was quite possibly correct. He said he would do all he could to help co-operative societies, but he had '300 & more Civil Court decrees to deal with'.²

In January 1916 Ewbank still had to note in melancholy fashion: 'As far as I know, no case yet referred to the Revenue Department has been fully disposed of.'³

This episode does not merely illustrate the cum-brousness of the processes of the Revenue Department. It also shows how a co-operative society which resorted to decrees and darkhasts could very easily be thought, by the average overworked government officer as well as by the average peasant, to be little better than the saukar. Was this the penalty that had to be paid for the shift away from 'personal credit'?

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1. Badve to Haigh No.297 of 9-10 December 1914 (Poona N.C. & C.B.)
 2. J. Mountford Collr., Poona, to Haigh, D/O of 21-22 December 1914. (Poona, file cited.)
 3. Ewbank to Collr., Poona, No.566 of 21 January 1916. (Poona, file cited.)

VI

R E O R G A N I Z A T I O N

(1916 - 1919)

The four years that remained to Ewbank as Registrar were years of stress and uncertainty. A series of fairly good years was followed by the famine year of 1918-1919. Famine was combined with influenza. The war brought about a rise in prices. Some groups benefited from this rise. One gains the impression - it can only be an impression - that the men with the 'economic holdings', who were seen by Haigh as Co-operation's best hope, were amongst those who benefited, if only temporarily. But it is probable that the gap between the wealthier and the poorer classes, in terms of real income, increased.¹ Government was perhaps better equipped to intervene in economic matters; it was certainly clear that the war had finally exploded what even then was called 'the old policy of laissez-faire'.² But during 1918 there was a suspicion in some circles - not exclusively those of the Indian nationalists - that the war was being used by the Government of India as an excuse for dilatoriness.³ In 1918, too, the prospect of the transfer

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1. Mann, Economic Progress of the Rural Areas of the Bombay Presidency, 1911-1922, p.61; Mann, 'The Effect of the Rise of Prices on Rural Prosperity', appix. to B.C.Q., March 1920. See also discussion in Bombay Chronicle, 7 January 1920.
 2. Ewbank to Govt. No.6138 of 22 May 1919, encl. Bom. R.D. Order No.14140 of 3 December 1919.
 3. See B.A.Collins, Regr. Bihar & Orissa, Regrs.' Conf. Procs., 1918, p.68. See also Sir Daniel Hamilton, ibid., p.57.

of control over certain spheres to provincial governments under the Montagu-Chelmsford reforms was perhaps adding to the inaction of the Government of India.¹ Furthermore, Indian nationalism had become a force which, for the first time, had to be taken seriously into consideration in co-operative affairs. During Ewbank's last four years as Registrar there occurred the brief rapprochement between nationalism and British authority, followed almost immediately by the devastating break caused by the Rowlatt Bills and Amritsar.

Yet if we look at Ewbank's administration at this time as a whole we find that he was rather more concerned with the intricacies of a radical reorganization of the financing and supervising agencies of the movement than he was with the broader trends in the country at large. Such comparatively narrow concerns are, of course, inevitable in an administrator.

The stimulus to reorganization undoubtedly came, in the first place, from the Maclagan Committee's enquiry. Ewbank's horizons were broadened by his work as Secretary of this Committee. He had to travel with the members of the Committee to all parts of India, to read widely, to discuss problems with all manner of people, and finally to assist in drafting the Report.² Lalubhai Samaldas was a member of

1. See *ibid.*, p.44.

2. Information from Sir Robert Ewbank. The value of this Report is still recognised today; the Reserve Bank of India has recently reprinted it.

the Committee - though possibly only because the Viceroy himself insisted on it ¹ - and his son Vaikunth Mehta accompanied him as a secretary in all provinces except Burma.² The key men in the co-operative movement in the Bombay Presidency were thus vitally concerned in the formulation of the important report which was produced by the Committee. After he had finished his work with the Committee, Ewbank went home for a period of leave, wrote an article for the Quarterly Review on the co-operative movement in India,³ and carefully considered the action to be taken in the light of his increased experience. His first memorandum on the subject was written in England.

It was, Ewbank said, 'a thankless task to criticise and blacken a system on which not only I myself but innumerable other workers have spent so much time and trouble.' But it was necessary to create 'a consistent and coherent structure', and such a structure would not be created by 'a policy of laissez-faire.'

At the head of the co-operative system in the Presidency, Ewbank wrote, stood the Bombay Central Co-operative Bank. It had brought a good deal of money to the cultivator. Its main defect was that almost all its shares were

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1. There was a fierce argument as to whether he should be paid the allowance which he asked. Hardinge intervened ordering that he be paid Rs.1500 per month - he was, he said, 'far the best man'. See Hardinge, Note of 27 October 1914. (N.A.I., Loose Original 'A' Procs., R. & A. Dept. (L.Rev.) November 1914, File No.312 of 1914.)
 2. Information from Shri Mehta.
 3. Ewbank, 'The Co-operative Movement in India', in Quarterly Review, April 1916, pp.368-382.

held by individuals who were, said Ewbank, 'mainly concerned with realizing their dividends.' Ewbank was criticizing the Bank with less reserve than before. The Bank's Directors, being unfamiliar with local needs, had to rely on the Bank's own enquiry staff, and, to a greater extent, on the reports of the Registrar's staff. 'The method is expensive, and is not capable of indefinite expansion, and affords only an outside view of the working of any particular society.' The 'unions' which had grown up in the districts of the Presidency were tapping some local capital and providing 'an independent supervisional agency in place of a remote board in Bombay.' But the unions were few in number, whereas in Northern India similar institutions had become 'the cardinal feature of the whole organization'. The reason, Ewbank claimed, was to be found in the constitution of the unions. Since most of them had, in fact, been developed from urban societies, they utilized their money in lending to individual members as well as to village societies. And the interests of individual members as lenders and the societies as borrowers were apt to conflict. The village societies of the Presidency were 'on the whole in a satisfactory condition' and in many ways could 'challenge comparison with the best rural societies in any other part of India.' But they had 'not yet combined for mutual supervision and control'; they relied entirely on the supervision provided by the honorary

organizers and by government officials. Because of the defects in the unions practically all the rural societies suffered from a lack of prompt finance.¹

Here, then, was a summary of the criticisms of the Bombay system implied in the Maclagan Committee Report. Ewbank's proposals for remedying the situation were also based on the Report. They involved the creation of an elaborately tiered structure of financing agencies, each with a definite interest in the agencies above and below. The Maclagan Committee used the terms 'primary society', 'union', 'central Bank' (or 'district central bank'), and 'provincial bank' to describe the various stages in the system which they proposed. In Bombay the ordinary village society or urban society corresponded to the Maclagan Committee's conception of a 'primary society', and the Bombay Central Co-operative Bank approached its idea of a 'provincial bank.' The term 'union', which in Bombay had previously been used to describe 'district central banks' was now reserved for an institution new to the Presidency. This was an association of several neighbouring societies for the purposes of supervision and, at first, of arranging for its constituent societies mutually to guarantee, in a special way, loans from central banks and the provincial bank.

When Ewbank arrived back in India he still

1. Ewbank, 'Suggestions for the future development of the Co-operative System in the Bombay Presidency', written from Bolton Rectory, Cumberland, 5 August 1915. (Poona, Committee on Co-operation.)

maintained that he regarded as 'crucial',¹ the recommendations that societies and district central banks should be represented in the management of Bombay's 'provincial bank', and should be able to purchase shares so that 'within a reasonable time' they could secure a majority of the votes at a general meeting.² Nevertheless he realized that it would be 'a mistake to alienate the goodwill of the Directors on the ground that it [the Bank] does not altogether satisfy the abstract ideal of a Provincial Bank as conceived by the committee.'³ For their part, the directors of the Bank elected the ubiquitous and, in a sense, hardly 'representative' G.K. Devadhar to watch over the interests of the societies. Arrangements were made to procure shares from individual shareholders for societies which dealt with the Bank and wished to have a stake in its ownership. The directors said that they would admit other 'suitable' representatives of the societies to their Board as the interest of the societies in the share capital increased. It was not a completely satisfactory arrangement. But the Bank's directors did keep their word in the coming years. By 1930 seven of the directors represented societies and district central banks and seven individual shareholders. One third

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1. Ewbank quoted P.R. Cadell, Ch.Sec., Bom.to Sec., R. & A. Dept., G. of I., 12 September 1916. (Poona, Committee on Co-operation.)
 2. See MacLagan Cttee.'s Recommendations Nos. 167 and 168, Rept., p.174.
 3. Cadell to G. of I., letter cited.

of the share capital was by that time owned by the societies.¹ Ewbank's deference to pragmatism in 1916 was thus largely justified.

Ewbank wished to press ahead with the organization of central banks in the districts. The investing classes had grown with the prosperity brought about by the war. So it was possible, with some energetic canvassing, to organize three new district banks for the districts of Thana, East Khandesh and Dharwar during 1916.² District central banks for Poona and Sholapur were registered in the following year.³ Societies were given representation on the direct-
orates of these banks. But investors came as a whole from 'the intermediate classes between those who deal in Govern-
ment paper and smaller people who prefer to deposit in the savings banks.'⁴ 'Up country pleaders and depositors of that class', Vithaldas Thackersey told the MacLagan Com-
mittee, were 'nervous' about their investments; they liked to have them invested locally and co-operative banks pro-
vided an outlet for these funds.⁵

Two of the more important Central Banks were those at Surat and Poona. The old 'Surat Central Banking Union' became the 'Surat District Co-operative Bank' under the new arrangements. In 1916, C.M. Gandhi took over the chairman-

1. Evidence of Bank, Bom. Prov. Banking Enquiry Cttee. Rept., Vol.IV, p.431.

2. Rept., 1917, p.7.

3. Rept., 1918, p.20.

4. Khandubhai Desai, Evidence, MacLagan Cttee. (Patxiala.)

5. Vithaldas Thackersey, Evidence, MacLagan Cttee.

ship of this Bank, and it began to widen its interests considerably. It was the combination of C.M.Gandhi's leadership in Surat city and that of Purshottamdas Patel in the surrounding rural areas that made possible the special developments which took place in the Surat district in the years that followed. C.M.Gandhi - shrewd, good-natured, though often critical of officialdom - was a leading lawyer in Surat city. The Moderates in the Congress had entrusted him with the arrangements for the historic 1907 Congress. He later joined the Liberals; though he was always a power to be reckoned with in Surat he was 'plainly not cast for a part in the tumultuous kind of politics that developed in Gujarat in later years.'¹ Vaikunth Mehta has suggested that it was unfortunate that C.M.Gandhi's activities did not extend much beyond Surat;² perhaps, however, India's loss was Surat's gain.

The Poona Central Bank itself became the scene of 'tumultuous' politics. In setting up the Bank Ewbank began by getting in touch with people such as Devadhar, M.R. Tarkunde,³ the Saswad pleader and honorary organizer, Govindrao Kale, the Chairman of the Hadapsar society, and V.G.Kale, the Professor of Economics at Fergusson College.

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1. V.S.Bhide in 'C.M.Gandhi - Tributes and Reminiscences', in B.C.Q., July 1956, p.4.
 2. V.L.Mehta, in B.C.Q., cited.
 3. See Ewbank to Tarkunde, D/O of 6 June 1916, and the following office notes. (Poona, Poona Central Co-operative Bank - 'A' File - hereafter abridged in footnotes as 'Poona C.C.B.-A.')

N.M. Navle, a mali honorary organizer, was added to the list of 'promoters'. At a 'big public meeting' held in August 1916 Ewbank outlined the steps to be taken. The Nira Valley societies would 'of course' be excluded from the proposed Bank's purview; there were, however, fifty six other societies in the district which required funds. The Cosmos Bank, an urban co-operative bank in Poona, was refusing deposits, and there were few joint stock banks in the city. Societies would provide 'part' of the working capital. Provided the Bank was 'economical about staff' all should be well.¹ It was perhaps somewhat embarrassing for Ewbank when Gonehalli, who had been put in charge of the organization of the Bank, came to light with a promise of a substantial sum from N.C. Kelkar, Tilak's lieutenant and the editor of Kesari.² But this was in 1917. It was not government policy to spurn the nationalists at this time. At the first general meeting Kelkar was elected chairman of the Board of Directors.³ The election of Kelkar was the signal for an outbreak of what appears to have been pro- and anti- Kelkar feeling amongst the 'quarrelsome Poona residents' who were members of the Bank. They turned the second annual general meeting into 'a bear-garden', Ewbank reported in 1919; those agriculturists who had attended the meeting (they were surely few in number) had been disgusted by the whole pro-

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1. Notes of Ewbank's speech at Inaugural Meeting (Poona, file cited.)
 2. Gonehalli to Ewbank, No.5416 of 27 August 1917. (Poona, file cited.)
 3. Proceedings of the First General Meeting of the Poona C.C.B., 1 October 1917. (Poona, file cited.)

ceedings. He had had to threaten the cancellation of the Bank's registration.¹

Most Central Banks were much milder affairs.

The 'guaranteeing union' was recommended by the MacLagan Committee for adoption throughout India, 'unless experience elsewhere should belie the results obtained in Burma'.² A.E. English, the experienced and senior Registrar in Burma, was a member of the MacLagan Committee, and it was obviously his enthusiasm for what was virtually his own creation that prompted Ewbank to set about organizing guaranteeing unions on his return to his post in 1916. Guaranteeing unions were virtually untried in the Indian sub-continent, and Ewbank's adoption of them was the greatest concession to theory which he made in his career as Registrar.

That an enormous gap separated the village society from the district central bank, and from the Bombay Central Co-operative Bank, was undeniable. Ewbank had now come to the conclusion that the intermediate organization which would assess the ryots' credit needs and supervise the use of loans had to be formed amongst the ryots themselves. But 'mere supervision and advice unweighted by any definite responsibility' were likely to prove 'formal and futile'.³ 'Responsibility' had to include financial responsibility if

1. Rept., 1919, p.19.

2. MacLagan Cttee. Rept., p.65.

3. Ewbank, 'Guaranteeing Unions', in Ewbank, ed., Indian Co-operative Studies, p.50.

it was to mean anything at all. So if societies were to be grouped together for purposes of mutual credit assessment and supervision they ought to be made to some extent liable for the debts of the societies with which they were associated. A guaranteeing union would have another virtue. It would bring together the leaders of the primary societies, 'the little leaders of the labouring classes', the men with whom 'the future hopes of the movement' lay,¹ and give them responsibility beyond the boundaries of their village.

Such was the vision which Ewbank had before him. The guaranteeing unions which he introduced in Bombay rested largely on a system of inter-visiting between the societies by chairmen and committee members. Small fees from the guaranteeing unions' funds were paid for this. Guaranteeing unions were also supposed to employ a 'supervisor' to assist the committee members in their duties; since, however, many guaranteeing unions in Bombay consisted of only four or five societies, it was difficult for them to afford to pay a supervisor out of the levy of one half per cent. on the total working capital of the affiliated societies which they were allowed to make.

With the help of the information gathered by these means the union had to decide to what extent each society would be justified in raising capital. Each society had to accept a lump liability calculated at a rate somewhere

1. Ibid., p.61.

between Rs.20 and Rs.100 per member.¹ On the strength of this the union applied to the central financing institution, through the Registrar, for a lump sum, which it then proceeded to distribute amongst its constituent societies. Until 1920, only the Bombay Central Co-operative Bank, amongst the co-operative banks, was permitted to handle guaranteeing union business.² The maximum credit which the Bank could grant was to the value of six times the total liability of the constituent societies of the union; in practice it was usually lower. As a rule, the credit thus opened was not unrestricted. The union had to state for what purpose each separate loan was required by each society under its control,³ and the Registrar still had to sanction each loan granted by the Bank in Bombay. There appeared to be plenty of checks and balances.

The system was accepted by the Bank.⁴ It did not, in 1916, appear to be a system that was fraught with difficulty.

The MacLagan Committee had to some extent grown out of the Bombay banking crisis. It was therefore very much concerned with the financial structure and stability

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1. Ewbank, Manual, 1919 edn., p.123. In Indian Co-operative Studies, p.56, Ewbank gives the maximum liability as Rs.200 per member.
 2. V.L. Mehta, 'Supervising Unions', in Prov. Co-op. Conf. Procs., 1922, Appx., p.xviii.
 3. Ewbank, Manual, 1919 edn., p.124.
 4. 'Minutes of a Meeting of the Board with the Registrar, February 1916.' (Poona, N.C. & C.B.)

of the movement. The Act of 1912 had specified that the whole of the net profits of societies with unlimited liability were to be carried over to a reserve fund. Such a reserve fund was intended to come into use in the event of liquidation. But liquidation could not be the remedy for a society merely in temporary difficulties. The Committee visualized these temporary difficulties occurring particularly in periods of famine or of low prices. At such times deposits which would normally be renewed might be withdrawn, new deposits might be unobtainable, societies might fail to repay loans to banks. Undoubtedly there would be extraordinary demands for emergency finance. The 1912 Act was completely silent about the maintenance of what the Mac-lagan Committee called 'fluid resource' - assets held in the form of cash or easily realizable investments in order to provide against such occurrences. With F.W. Johnston, the Government of India Finance Department's representative on the Committee, the lack of fluid resource in the movement perhaps became something of a bogey.¹ He strongly influenced the Committee in its final recommendations.

The Committee recommended that district central co-operative banks be compelled to maintain as fluid resource 'a sum sufficient to meet half the fixed deposits falling due during the ensuing year even if no fresh deposits were

1. The opinion of Sir Robert Ewbank.

received and no repayments of loans made.¹ Primary societies which took deposits and utilized them in their business should, the Committee thought, maintain similar fluid resource.² The Committee believed that provincial banks should maintain fluid cover amounting to at least seventy five per cent. of their deposits at call.³ The Bombay Central Co-operative Bank, under its agreement with the Secretary of State, had to maintain fluid resource amounting to forty per cent. of deposits at call; but, said the Committee, there were special circumstances in Bombay.⁴ They were presumably thinking of Bombay's important position in the finance of the country, and of the high reputation of the directors of the Bank in the Bombay money market.

According to P.R. Cadell, the Bombay Chief Secretary, as soon as the nature of the Committee's proposals with regard to primary societies and central banks became known there was 'the most vigorous protest'. A small conference of leading officials and non-officials interested in co-operation, which Ewbank called on his return to India, unanimously resolved that the standard laid down by the Committee was 'impossible'. Ewbank and Vaikunth Mehta, who had both been associated with the Committee, agreed that 'sudden rushes are impossible and times of scarcity

1. MacLagan Cttee. Rept., p.90.

2. Ibid., p.51.

3. Ibid., p.100.

4. Ibid., p.99.

can be foreseen and that, at most, [primary] societies should be required to arrange that three fourths of their deposits should fall due for repayment during the harvest months'. Ewbank felt, too, that no standard should be fixed for co-operative banks, either district or urban. A quarterly financial statement from such banks would enable the Registrar to make any necessary enquiries about discrepancies between liabilities and receipts; nothing further was needed. The Government of Bombay agreed with Ewbank's recommendations.¹

The quarterly statements from a few of the Banks did reveal discrepancies of quite a serious nature around 1920. Warnings from the Registrar appear to have been sufficient to remedy the position at this time.² By 1927 Vaikunth Mehta was finding cause to revise his position with regard to fluid resource in primary societies.³ But, in the famine year of 1918-1919, Ewbank's confidence that the co-operative system could survive times of scarcity was put to the test, and, so it seemed, largely justified.

As Ewbank had prophesied, the likelihood of famine was foreseen well in advance. The monsoon of 1918 failed;

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1. See, for this paragraph, Cadell, Ch.Sec., Bom., to G. of I., R. & A. Dept., No.8810 of 12 September 1916.
 2. Rothfeld, Regr., to Govt. No.3040 of 19 March 1920, encl. Bom.R.D. Order No. 1093 of 1 April 1920; Rothfeld to Govt. No. A.G.C.F.R. 1 of 30 June 1920, encl. Bom.R.D. Order No.2776 of 29 September 1920.
 3. V.L. Mehta to G.H.Desai, Personal Asst. to Regr., D/O of 10 May 1927. (B.S.C.B.,Regr.) See below, Chapter VIII.

but while the situation was 'still developing' Ewbank carefully and coolly laid his plans. He revealed them in a paper read to the Indian Economic Conference held at the end of 1918, and published in March 1919. Obviously, extensions would have to be granted. Central banks, he thought, might have to carry forward at least three quarters of their advances.¹ The situation in the primary societies would not be so serious: 'in practically all cases the deposits consist of good lying money which the depositors have no intention of withdrawing.' Nevertheless, if depositors made insistent demands they would have to be given their money: 'The whole credit of the movement, particularly with outside investors, depends on the punctual repayment of debts.' But 'mercifully', continued Ewbank, the position of the Bombay Central Bank would be 'very strong.' Not only was half its capital non-withdrawable but it commanded 'ample fluid resources' amounting to eight lakhs. And with the shrinkage of trade money should be more, rather than less easy to obtain in a large city like Bombay.²

As it happened, Ewbank was able to note 'with great satisfaction' that there were very few withdrawals from societies because of the famine.³ The Central Banks made remarkably good recoveries.⁴ To this extent, then, Ewbank's

1. Ewbank, 'Co-operation and Famine', in B.C.Q., March 1919, p.196.

2. Ibid., p.197.

3. Ewbank, Memorandum No.5746 of 15 May 1919. (Poona, Original Circulars, II.)

4. Rept., 1919, p.5. But one finds it a little difficult to accept the figure of eighty four per cent. recoveries, based on statistics supplied by the Banks, which is quoted here.

policy on fluid resource was justified.

Ewbank and the Bombay Central Co-operative Bank had to adopt a very conservative policy with regard to further loans, however. The finance of the following year's crops, they felt, should have first claim on the movement's resources. All necessary extensions were granted; for the rest, it was decided to 'stand fast and conserve resources' until the agricultural season of 1919 should set in. This, Ewbank admitted, 'might not seem a very heroic course', but in the absence of experience of famines it seemed the only proper one. He was receiving applications daily from famine-stricken villagers, who had to keep family and animals alive until July. Ewbank could only advise them to apply for takkavi. 'It may appear to some a lame conclusion,' Ewbank wrote, 'that, after fourteen years of effort, societies in the face of famine can do nothing better than retire into their shells and wait for happier days. Nobody deplores this impotence more than the present writer'. But to Ewbank the conclusion seemed 'unavoidable' that the co-operative movement, 'as at present constituted' would not 'for many years be strong enough to tide its members over a famine on its own resources.'¹

When Ewbank returned from the MacLagan Committee and home leave he was immediately faced with the problem of

1. Ewbank, 'Co-operation and Famine', in B.C.Q., March 1919, p.198.

long-term loans. The Directors of the Bombay Central Co-operative Bank, chastened by their experiences in the Bank crisis, and, perhaps, by the warnings implied in the Mac-lagan Committee report, had decided to cease granting long term loans. It was, they said, 'highly inadvisable' to advance loans for periods longer than twelve months on the basis of share capital and short term deposits. It had originally been proposed to advance long term loans on the basis of debenture capital, but while the Bank's debentures remained unrecognized as trustee securities, and investors for this reason were refusing to take them up, it was impossible to proceed in this field.¹ In August 1916 Fazulbhoy Currimbhoy sent an ultimatum: if the Bank's debentures were not recognized as trustee securities the Directors would have to ask the Bombay Government to 'take over the whole affairs of the Bank or to entrust them to a Provincial Bank which they may establish on lines which meet with the approval of the Government of India.'² Such an ultimatum, the Chief Secretary of Bombay claimed in writing to the Government of India, was not made lightly. The winding up or reconstruction of the Bank would 'almost certainly take place if the present decision remains in force.' And with the Bombay money market as tight as it then was, any

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1. Minutes of a Meeting of the Board with the Registrar on 1 February 1916. (Poona, N.C. & C.B.) See also [Fragments of V. Thackersey to Govt. /c. 1915-16 /]. (Poona, file cited.)
 2. F. Currimbhoy to Ch.Sec., Bom., No.S.6-6 of 19 August 1916, encl. Bom. R.D. Order No.2242 of 23 February 1917.

attempt at reconstruction would be extremely difficult.¹

This letter produced, at last, the desired effect. The Government of India reversed a decision of 1915 and resolved to support Fazulbhoy Currimbhoy's amending bill in the Imperial Legislative Council.²

Such a conclusion in the matter, however, though it doubtless provided some comfort in that it removed a long standing grievance, came too late. Lending rates had risen sharply in Bombay, and it was now impossible to place the four per cent. debentures on the market.³

In all, it would appear, only about six lakhs of debentures, out of the twenty lakhs whose issue had been authorised by the Secretary of State, had been taken up.⁴ The Bank did have other long term deposits.⁵ Nevertheless, the realization that its debentures could not be placed on the market for an indefinite number of years did enable the Registrar and the Bank to come to a tacit agreement to give up long term financing in the meantime. 'Redemption of old debt on a sweeping scale has become possible', Ewbank had written after the Bank had been in existence for a few months.⁶ He had thus shown himself to be fully in what

1. Cadell, Ch.Sec., Bom., to G. of I., R. & A. Dept., No.9693 R.D. of 9 October 1916, encl. Bom. Order cited.
2. G. of I., R. & A. Dept., to G. of B., No.151-C of 25 January 1917, encl. Bom. Order cited.
3. B.C.Q., December 1917, p.142; also information from Sir Stanley Reed.
4. Rept., 1915, p.39. Very few more debentures can have been taken up after this date.
5. The Bank's working capital in the famine year 1918-19 was Rs.34,86,692 (Rept., 1919, p.26), in which year Ewbank claimed that 'about half' its capital was 'non-withdrawable'.
6. Rept., 1912, p.5.

might be called the Bombay tradition of concern for long term debt redemption. But from its inception the Bank had tended to prefer short term business. And Ewbank had soon seen the difficulties of long term debt redemption. 'There is a real danger', he had written in his Report for 1913, 'in allowing societies to lock up too large a proportion of their capital in long non-productive loans and it is also unwise to pay off a debt until the sowkar's claim has been verified by some person with a knowledge of law'.¹ Debt redemption was obviously hardly a matter for the ordinary village society to manage on its own.

Another problem which Ewbank was faced with immediately on his return was, almost inevitably, the Nira Canal situation. Overdues in the area had amounted to over Rs.1,70,000 in 1915,² and they still amounted to a lakh in 1916.³

At first Ewbank was confident that the situation could be righted. 'I have visited most of the Societies', he wrote to the Collector of Poona, 'and am of opinion that the arrears, which at present look very serious in amount, will be entirely wiped out under the orders that have been given. They are largely due to the absence of any reasonable system of granting extensions and to the fact that nearly all

1. Rept., 1913, p.6.

2. Rept., 1915, p.6.

3. Keatinge, D.A., to Govt., No.7852 of 10 August 1916, forwarding Ewbank's Rept., 1916.

loans have been granted for two years only regardless of their purpose.'¹ The precautions which had been taken in the area by the Bank and the Special Mamlatdar had proved 'almost too thorough. In the pursuit of material safeguards, the natural safeguards involved in the co-operative system have to a large extent been lost.'² The 'natural safeguards involved in the co-operative system': Ewbank's experience with the MacLagan Committee had given him a genuine appreciation of, and enthusiasm for, the virtues of Co-operation as they were expounded by its leading theorists.

Ewbank proposed to organize five neighbouring and good societies into a guaranteeing union. In these, mortgage credit was to be largely abandoned in favour of personal credit. 'Maximum normal credits' were to be forecast by the Special Mamlatdar only once a year; the committees of the societies were to have full powers within these limits. A committee's requests for a loan would go through the guaranteeing union to the Bank. 'The Central Bank will trust the Union and will not ordinarily go behind its back in individual cases to enquire how the loan has been applied or whether jaggery raised from the loans has been brought to the Bank's shop.'

Ewbank's methods with the twenty three societies were to be fairly drastic; they were to include the stoppage

1. Ewbank to Collr., Poona, No.567 of 21 January 1916.
(Poona, N.C. & C.B.)

2. Ewbank, Memo. No.567 of 21 January 1916, encl. letter cited.

of all credit to individuals or societies and, if necessary, exemplary liquidations of societies.¹ The Special Mamlatdar was given his orders in drastic terms, too: 'This is a rather critical moment in your own career. If you succeed your services will be brought to the notice of Government. If you fail I am afraid that it may do you some harm.'²

But, in spite of taking these severe steps, Ewbank was at this time convinced that 'what the 23 second class societies most need is constant and careful teaching. Their failure has been due as much to ignorance as to anything else.' Men from the best villages needed to be encouraged to visit and inspire the more backward villages; the best time to do this, Ewbank added astutely, was 'on Monday evenings when the people are generally collected in the temples.'³

In 1917 there was a glimmer of hope in Ewbank's comments on the Nira societies in his annual report: they were, he thought, 'at last showing signs of being genuinely co-operative'.⁴ It appeared that Ewbank's liberal policy was being justified. But by 1919 Ewbank's hopes were thoroughly dashed. The situation on the canal was 'intolerable', 'embarrassing both for the Registrar and the Central Bank.' Yet the ryots' land was mortgaged to the societies, and they claimed that because of this their credit was ruined outside,

1. Ewbank, Memo cited.

2. Ewbank to V.B. Vaidya, Special Mamlatdar, D/O of 3 February 1916. (Poona, file cited.)

3. Ewbank, Memo cited.

4. Rept., 1917, p.5.

so the societies were morally bound to finance them.¹

By 1919, however, the problem was more than just general slackness amongst the members of the societies. In the East of Bhimthadi taluka there were many who were growing sugar cane at a loss or without adequate profit. 'Their houses are as poor as ever,' wrote Ewbank, 'their crops not infrequently are partial failures owing to lack of capital or agricultural skill....In fact they blunder on in hopes of making a coup and undertake more than they can carry through.'² Part of the trouble was salination. Salination, the bane of so many Indian canals, particularly when water is used too lavishly, had made five thousand acres of formerly cultivated land in the Nira valley useless. Many of the malis were moving on to the newly opened Godavari canal areas. But other groups could not afford to do so. As Mann wrote at the time: 'To introduce at this stage improved credit facilities may help little unless at the same time you bring in such agricultural improvements as will lower the cost of production or increase the yield, or improve the quality'.³

In retrospect, it might seem that the greatest triumph of the co-operative movement and its official guides in Bombay at this time was to have gained the interest of the man who is now universally known as 'Mahatma Gandhi'.

1. Rept., 1919, pp. 9-10.

2. Ewbank, Memo cited.

3. Mann, 'Economic Conditions in some Deccan Canal Areas', in B.C.Q., December 1918, p.126.

It should not be forgotten, of course, that in the war years Gandhi was still thought of primarily as 'Mr. M.K. Gandhi of South Africa',¹ the supporter of the war effort, the friend of the Bombay Governor, Lord Willingdon, the 'phil-anthropist' working in the Ahmadabad mills² - in short, as very definitely a 'Moderate'. However, the fact that Gandhi was interested in the co-operative movement certainly 'attracted considerable public attention',³ and it is to Ewbank that the credit must go for gaining Gandhi's friendship and his sympathy - even though that sympathy was not always uncritical.

The Co-operative Department gave weaving demonstrations at Gandhi's ashram at Ahmadabad for three months during 1916-17.⁴ Ewbank and Gandhi went together on one occasion to address a meeting of millhands. Presumably the aim was the formation of a millhands' society. Gandhi has given us a vivid description of this meeting. 'The chawl in which they were living was as filthy as it well could be. Recent rains had made matters worse....There we were, seated on a fairly worn out charpai, surrounded by men, women and children. Mr. Ewbank opened fire on a man who had put himself forward and who wore not a particularly innocent

1. Rept., 1917, p.21.

2. Collr., Ahmadabad, quoted in Bom.L.Rev. Admin.Rept., 1917-1918, pt.ii, p.14.

3. B.C.Q., December 1917, p.132.

4. Rept., 1917, p.21.

countenance. After he had engaged him and the other people about him in Gujarati conversation, he wanted me to speak to the people.' Characteristically, perhaps, Gandhi dwelt on 'the moral basis of co-operation' - 'owing to the suspicious looks of the man who was first spoken to'.¹

'The Moral Basis of Co-operation' was the subject on which Ewbank invited Gandhi to speak at the Bombay Provincial Co-operative Conference in September 1917. It would appear that since the meeting with the millhands Gandhi had been in Bihar, conducting his Champaran campaign against the indigo planters.² He had now had practical experience of conditions in the rural areas. And this experience made him appear at the Co-operative Conference a 'doubting Thomas before the Jesus of co-operation', as he put it.³ The 'so called agricultural banks' in Champaran had disappointed him. Co-operation conceived simply as an economic movement, he warned, was not a panacea for the country's ills. The moral as well as the economic aspects of the question needed to be emphasized; he was pleased to see that the MacLagan Committee had done this. But his 'limited experience' in Champaran had made him question 'the accepted opinion' of the money-lender. 'I have found him to be not always relentless, not always exacting of the last pie. He sometimes serves his client in many ways or even comes to their rescue in the

1. Gandhi, 'The Moral Basis of Co-operation', in Prov. Co-op. Conf. Procs., 1917, p.73.

2. See The Story of My Experiments with Truth, pp.298 et seq.

3. Prov. Co-op. Conf. Procs., 1917, p.20.

hour of their distress. My observation is so limited that I dare not draw any conclusions from it, but I respectfully enquire whether it is not possible to make a serious effort to draw out the good in the Mahajan and help him or induce him to throw out the evil in him. May not he be induced to join the army of co-operation, or has experience proved that he is past praying for?'¹

It was this attitude - that the problem was one of somehow reforming the village money-lender, not of removing him entirely from the village - which was to characterize a good deal of Congress thought on the problem of rural indebtedness in the years to come. It was, in fact, not a very different attitude from the pre-war British attitude.

One of those who heard Gandhi speak at the 1917 Provincial Co-operative Conference was his future secretary and intimate biographer, Mahadev Desai. Mahadev had been a close friend of Vaikunth Mehta at Elphinstone College.² When the Bombay Central Bank decided about 1915 to appoint an Inspector for Gujarat again, Mahadev Desai was a fairly obvious choice. He worked for a time under the Special Mamlatdar in the area, D.A. Patel;³ when, in 1916, Patel was ordered to the Nira Canal area to assist in making recoveries, Mahadev was left on his own.

1. 'The Moral Basis of Co-operation', *ibid.* p.74.

2. Information from Shri R.M. Talpade, Editor, B.C.Q.

3. Dahyabhai A. Patel, 'Co-operative Movement in Bombay State', in B.C.Q., April 1954, p.25.

In June 1917 Mahadev published an article on 'Co-operation in Gujerat'.¹ This forms the shrewdest assessment available on co-operation in that region during this period. In many parts of Gujerat, he said, 'an impenetrable mass of apathy' towards the co-operative movement prevailed. The Registrar, he reported, had convened a conference in Gujerat in April 1916 to consider the situation, particularly with regard to the increasing number of defaults and cases referred to arbitration. 'It is a little regrettable', wrote Mahadev Desai, 'that almost all the suggestions came from the Registrar, and none from the Honorary Organizers from whom they were most expected.'² 'The whole question' of honorary organizers needed to be reconsidered so that men could be appointed who had 'a thorough knowledge of co-operative principles and of local conditions...men who are keenly alive to a consciousness that they are appointed, above all, to serve the people.' If such men were not forthcoming the only alternative was to have paid inspectors, three or four to a district, 'exercising the closest scrutiny in matters of minute detail'.³ The question of unlimited liability would have to be tackled. Mahadev Desai commented that it was 'curious' that the question 'Is the present type of society suitable?', though included in the preliminary circular put out by the Registrar about the Conference, was

1. M~~a~~hadev J. H. Desai, 'Co-operation in Gujerat', in B.C.Q., June 1917, pp.26-31.

2. Ibid., p.26.

3. Ibid., p.29.

eventually dropped from the agenda paper. 'Substantial men' simply would not join under present conditions.¹ Finally, something had to be done about the high rate of interest on loans. 'It is certain that in many parts of Surat and Kaira Districts a rate of interest ranging from 6 to 7½ per cent. is the usual one for agriculturists of good credit.' Unless the societies could afford to reduce their rate of interest from their usual 9⅔ per cent. the movement had 'no chance of having the popularity it has had in many parts of the Deccan.'²

The frustrations in co-operative work of the able and devoted young man who was Mahadev Desai are apparent from this article. In the circumstances, it would not have been very surprising if Gandhi's speech at the Co-operative Conference had made an especial appeal to him. Yet there may have been more specific reasons why, about the end of 1917, Mahadev Desai gave up co-operative work and joined Gandhi.³ Ramnikrai Mehta's version of Mahadev's departure is this: 'While in one village society some of the members who had not repaid their dues, repaid them under his influence, this was resented by the local Organizer and the Registrar, as they

1. Ibid., p.30.

2. Ibid., p.27

3. B.R. Nanda, in his recent biography of Gandhi, says that 'Mahadev Desai and Narhari Parikh, two Gujarati youths who had recently joined his entourage', were with Gandhi in Champaran about April 1917. (Mahatma Gandhi: A Biography, p.162.) This seems unlikely, as Mahadev Desai was included in the list of delegates at the Provincial Conference of September 1917 as 'Inspector, Bombay Central Co-operative Bank.' He could perhaps have been on leave of absence at the time of the Champaran affair, however.

thought that the Bank officer interfered with the internal management of societies. Shri Mahadev Desai felt very much disappointed and left the services of the Bank and joined Mahatma Gandhi. The Government and the Registrar were then very particular that Central Banks should not have any direct association with the society except providing finance through the organisers.¹

There are, however, some seeming inconsistencies in this story, as might be expected: Ramnikrai Mehta was at this time Manager of the Bank's shop at Baramati and therefore not closely concerned in the matter. Ewbank always encouraged direct association between the Bank and the societies - he had often lamented the absence of such contacts. In 1912 he had insisted that the Bank should recover its own dues and not leave this job to the Government-employed Special Mamlatdars.² Ewbank presumably still held this position in theory, even though the emergency situation in the Nira Canal had necessitated the use of the Special Mamlatdars to make recoveries.

One suspects that in the case in question the honorary organizer - who may have been one of those whom Mahadev obviously found to be of little use - resented Mahadev's activities, for reasons that were perhaps largely personal. An honorary organizer was officially a government servant,

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1. Ramnikrai N. Mehta, 'Rural Co-operative Credit in Bombay State', in B.C.Q., April 1954, p.30.
 2. See above, Chapter V.

although he was unpaid, and Ewbank may have felt obliged to back him up in a cause which he did not fully understand.

The real reasons for Mahadev's leaving the co-operative movement will probably never be known.¹ But perhaps this does not matter greatly. It is perhaps sufficient for us to realize that the appreciation of the special problems of the rural areas which runs through all Mahadev Desai's writings stems to a considerable extent from his experiences, not all of them happy, with the co-operative movement in Gujarat.

Some of Mahadev Desai's complaints about honorary organizers were, in fact, rectified shortly after he left the movement.

In January 1918 Ewbank received confidential orders from Government on the subject of honorary organizers. The exact nature of these orders cannot at present be known,² but it is possible to obtain a fair notion of their contents by analyzing the action that was taken as a result of their issue. The list of honorary organizers was revised and reclassified so that an organizer's position on it depended

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1. Neither Sir Robert Ewbank nor Shri Vaikunth Mehta have any clear recollection of the incident. No records which refer to it appear to have survived, either in the Registrar's office in Poona, or in the Bank's office in Bombay.
 2. The author has not been permitted to see them; Ewbank referred to them as contained in Bom. Govt. Order No. 759-51 Confl. of 24 January 1918.

more on the value of the work that he did for the movement than on what had been termed his 'social standing.' Only three honorary organizers were now placed in 'the first class'; they were Malji, Sane and R.G. Naik, who were given the title of 'Divisional Honorary Organizer' for the Northern, Central and Southern Divisions respectively. 'District Honorary Organizers' were placed in the second class for the vital travelling allowance. Men such as Purshottamdas Patel in Surat District and Narayanrao Marutirao Navle in Poona District became District Honorary Organizers. Then there came a third grouping of 'Assistant Honorary Organizers'. These men were on the whole new to the work of an honorary organizer; they all came from the rural areas and were usually chairmen of successful societies.

A good many of the old honorary organizers did not appear in the new list. Some, Ewbank reported, were unwilling to work - and travel - in the second class after having been in the first class.¹ One of these was G.K. Chitale of Ahmadnagar. Looking back in 1933 he claimed that his decision had been taken because he had felt that it was 'not consistent with the self respect of honorary organizers' to draw allowances 'on the meagre scale allowed.'² Others of the old honorary organizers had not been doing any work for some time, and the opportunity was seized to accept their resig-

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1. Ewbank to Govt. No.3565 of 6 April 1918, encl.Bom.R.D. Order No.7073 of 4 July 1918.
 2. 'Proceedings of the Co-operative Round Table Conference, 1933.' (Poona, Typescript.)

nations.¹

The Assistant Honorary Organizers were, of course, not particularly enthusiastic about the status that had been granted to them. S.Y. Sontakke, an Assistant Honorary Organizer from the Karnatak, maintained that it was very necessary for someone engaged in public work to keep up his prestige. An Assistant Honorary Organizer, he thought, should be paid second class double rail fare, so that he could take his servant.² Doubtless the honorary organizer would travel first and his servant third under this arrangement.

The new class of organizers were perhaps at first given too much responsibility. Previous to the reorganization honorary organizers had often received and distributed money from the Bombay Central Bank to societies 'under their charge.' But when an Assistant Honorary Organizer died in the influenza epidemic and defalcations came to light Ewbank felt that he should probably forbid the Assistant Honorary Organizers from undertaking this duty in future.³ Sane agreed.⁴ Malji, significantly, thought that the incident showed that in some instances the Assistant Honorary Organizers did not 'own sufficient property.'⁵ The new recruits were obviously from a class different from that of the

1. Ewbank, letter cited.

2. Prov. Co-op. Conf. Procs. 1919, p.104.

3. Ewbank, Memo to Divisional Honorary Organizers and Assistant Registrars, No.94 of 7 January 1919. (Poona, Original Circulars, II.)

4. Sane to Ewbank No.18 of 10 January 1919. (Poona, file cited.)

5. Malji to Ewbank No.36 of 10 January 1919. (Poona, file cited.)

veterans.

It is not clear from the evidence available whether the revision of the list of honorary organizers was directly aimed against the Brahman community as such. From about 1918, attempts to break up Brahman predominance in the circles of government employees become fairly obvious, though again confidential orders on the subject are not yet available for study. Government would presumably propose treating the honorary organizers in the same way as they treated their own full-time paid staff. No full list of the honorary organizers who were removed from their posts in 1918 survives but at least nine out of the eighteen honorary organizers who would 'cease to work as Honorary Organizers, but who in most cases have agreed to continue to help the movement whenever they get the opportunity',¹ had recognisably Brahman names. On the other hand, a majority of the new 'Assistant Honorary Organizers' appear to have been non-Brahmans.² It appears that, at least in the Karnatak, the non-Brahman interest was being officially encouraged. 'Loyalty Leagues' were being set up by officials in opposition to the Home Rule League, and at least one high British official was pleased to report that Marathas and Lingayats were beginning to think that Home Rule would be 'the Rule of a Brahmin Oligarchy.'³ In the circumstances, it seems not unreasonable to believe that a certain prejudice

1. Ewbank to Govt. No.3565 of 6 April 1918 encl.Bom.R.D. Order No.7073 of 4 July 1918.

2. See list in Rept., 1919, pp.42-44.

3. See Commr., S.D. in Bom.L.Rev. Admin. Rept., 1918-19, p.30

in some government circles against Brahman leadership of the co-operative movement - a prejudice which later became overt - may be dated from about this time.

Ewbank's personal approach to the question of caste in the co-operative movement was essentially empirical. His policy, he wrote in his Report for 1918, was to 'accept caste as a basic fact of society and make use of it'. Everybody knew that it had its bad aspects, but it showed no signs of disappearing.¹

Caste was 'made use of' by the urban communal societies - banks and housing societies - of which the Bombay Presidency was becoming 'the home'. Caste was the bond-although some communal societies had no compunction about accepting large deposits from 'non-members' outside the caste.² Besides the caste societies there were the societies, chiefly in the towns, promoted by the Christian missionaries. Canon Rivington tried to keep his societies open to all,³ though in 1914 Ewbank reported that all the officers of the Hubli society were Christians.⁴ The Roman Catholics set up societies exclusively for their own flock.⁵

Communal societies were a somewhat different matter in the villages. The question came to the forefront when

1. Rept., 1918, p.11.

2. See G.C.Presswala, Urban Co-operative Banking, Unpublished M.A.(?) Thesis, University of Bombay, 1934, pp.144-146.

3. Rept., 1918, p.11.

4. Rept., 1914, p.16.

5. Rept., 1918, p.14.

over-large village societies had to be divided. The Maclagan Committee recommended that as a general rule - though only as a general rule - 'there should be one society to one village and one village to one society.'¹ Implicitly, the Committee disapproved of societies for separate castes in the villages, although they added that they did not advocate 'anything like a crusade to force the poorer classes on the present members.'² But the Committee also thought that 'a society is apt to become unmanageable if its numbers exceed a total that might vary from 50 to 100.'³ Now villages in the Karnatak or in Gujarat were often much larger than in other parts of India. A population of four or five thousand was not uncommon. In these circumstances, the membership of a society was frequently more than one hundred. How was the problem to be tackled? Ewbank believed that 'As a village with a population not exceeding (say) 5,000 is a very real unit it seems a mistake to break it up into several, possibly jarring, societies.' He proposed to allow increases until a membership of three hundred was reached, provided the society retained 'a substantial unity based on the mutual acquaintance of the members' and provided that 'sub-committees are appointed for special wadas.'⁴ A wada, in this context, means an area in a village normally inhabited by one particular

1. Maclagan Cttee. Rept., p.18.

2. Ibid., p.19.

3. Ibid.

4. Ewbank to D.A. No.2489 of 31 March 1916, encl. Bom. R.D. Order No.6400 of 27 June 1916.

caste.¹ Caste was to enter into the society at the sub-committee level, then, but basic 'unity' had to be maintained.

In 1919, however, K.R. Kulkarni, an auditor stationed in the Southern Division, wrote to Ewbank advocating division on the basis of caste as one of the remedies for overgrown village societies.² Ewbank referred the matter to Sane. In 1912 Sane had complained of the 'promiscuous mixing of people of various social classes in one society'.³ But now, perhaps partly because his own Brahman community was beginning to suffer through rivalries between castes, he opposed the idea of division of co-operative societies on the basis of caste. It would not be feasible, he wrote. The 'depressed classes' had practically no property, so it would be impossible for them to obtain capital to form their own societies. Each case would have to be decided on its own merits; he held out hope, in some cases, for division on the basis of faction.⁴ Factions developed more within castes than between them, prompted as they often were by disputes over property.

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1. See Iravati Karve, 'The Indian Village', in A.R. Desai, ed., Rural Sociology in India, revised edn., 1959, p.183. (Originally published in Deccan College Bulletin, vol.xviii.)
 2. K.R. Kulkarni, Auditor, S.D., to Regr. (through Asst. Regr., S.D.) No.781 of 21 May 1919. (Poona, Original Circulars, II.)
 3. Sane, 'Notes on Conditions precedent to the Registration of a Rural Co-operative Credit Society', in Prov. Co-op. Conf. Procs., 1912, p.44.
 4. Sane to Ewbank, No.272 of 5 June 1919.

Ewbank had little time left as Registrar in which to put Sane's advice into effect. But it appears that although, perforce, he may have had to put into effect a government policy aimed against Brahman honorary organizers, he always felt that, so far as rural societies and the finance of rural societies were concerned, divisions between the castes should not be exaggerated unnecessarily. The Karnatak, for instance, was the home of the highly organized and strongly anti-Brahman Lingayats. The Karnatak Central Bank was originally projected as an organization entirely for Lingayats. Ewbank prided himself on the fact that the Co-operative Department had persuaded the promoters to drop the idea of communal exclusion: 'I am glad to be able to report that at least one prominent Brahmin pleader, Mr. Ankalgi, has taken an active part in floating this scheme.' Rural and urban leaders of the Raddi and Maratha communities - practically all those known to Ewbank - had joined in.¹

It was not merely mofussil honorary organizers who had to be thought of as 'leading non-officials' in the years from about 1916 onwards. With the growth of the work of the Bombay Central Bank, Devadhar's 'Debt Redemption Committee', which sponsored co-operative loan societies in the Bombay mills, and the co-operative housing societies, there had come

1. Ewbank to Govt., No.7277 of 26 July 1916, encl. Bom.R.D. Order No.9438 of 30 September 1916.

into existence in Bombay city a new group of persons who were interested in Co-operation, intelligent, fluent in English, impatient and on the whole nationalist - very conscious of their position in the movement as the 'intelligentsia.'¹

It was this group which provided the main opposition to the new Co-operative Societies Rules which Ewbank considered necessary in the light of the MacLagan Committee's recommendations, and which he promulgated in June 1917.² The new Rules, they considered, increased the power of the Registrar quite unnecessarily. A protest meeting was held under the auspices of the Central Bank. The draft rule which raised the most vehement objections was one which read: 'No society, by itself or by the Committee or any officer, may take any action which would involve the society in the discussion or propagation of controversial opinions of a political or religious character, and the Registrar may prohibit any action, or rescind any resolution which, in his opinion, is of such tendency,' The Bombay representation stated that the co-operative movement could not be entirely divorced from the life of the nation. Moreover the rule might have the effect of turning away from the movement prominent co-operators who took part in politics.³ There had

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1. Significantly, the word was first used in co-operative writings about 1919. See Vaikunth L. Mehta, 'Training and Propaganda', in Ewbank, ed., Indian Co-operative Studies, p. 140; also B.C.Q., December 1919, p.162.
 2. For these Draft Rules see B.C.Q., September 1917, pp.89-91.
 3. Fazulbhoy Currimbhoy to Ch.Sec., Bom., No.G7/562 of 28 July 1917. (Poona, 36,IX.)

been virtually no evidence in the Bombay Presidency of co-operative societies being used for political ends, but such activities did occasionally occur in Bengal, and Ewbank believed that it was desirable to have such a rule 'in reserve'. Nevertheless, he agreed to modify the proposed rule so that, like the equivalent Punjab rule, it did not apply to 'the committee or any officer' but only to the society as a whole.¹

Another proposed rule gave the Collector the right to visit all co-operative societies in his district. The Bombay meeting objected to this too. Ewbank complained that 'Bombay people...seem to draw their distorted views of the terror inspired by the Collector from the vapourings of the extremist press.' But he thought that there was no real need for the rule from the point of view of co-operation as such, and so he withdrew it.²

'The vapourings of the extremist press': almost inevitably, perhaps, Ewbank regarded the new nationalism with some disdain. Yet he had given way to a considerable extent over the draft rules, and he soon decided, rather than possibly lose altogether the sympathy of the embarrassing group of 'educated young men in Bombay',³ to try to find

1. Ewbank to D.A. No.1310 of 31 October 1917 encl. Bom. R.D. Order No. 6952 of 2 July 1918.

2. Ibid.

3. Ewbank to A.E.Mathias, Regr., Central Provinces, D/O of 25 April 1918. (Poona, Bombay Provincial Co-operative Institute, III. Hereafter the titles of the Poona files on the Institute are abridged as 'B.P.C.I.')

outlets for them within the co-operative movement.

He encouraged this vocal and highly literate group to produce, at first under the guidance of N.M. Joshi, a quarterly periodical which was named the Bombay Co-operative Quarterly. S.S. Talmaki, of the Saraswat societies, and Vaikunth Mehta soon took over most of the editorial work. The first issue appeared in June 1917, complete with a 'Message' from 'C.S.C.' - obviously Campbell. ('Let us... proceed with light hearts and joyful countenance to the Ideal we originally had in view.')

¹ The standard maintained by the Quarterly over the years was extremely high. Usually one can recognize the hand of Vaikunth Mehta behind the editorial contributions - perceptive, well-written assessments of the co-operative situation in Bombay and in India in general. The Bombay Co-operative Quarterly rapidly became a national co-operative journal for India.

A further step in the working out of Ewbank's ideas for the Bombay young men was taken in the founding of the Bombay Central Co-operative Institute. It was to some extent modelled on Horace Plunkett's Irish Agricultural Organization Society, though Ewbank saw 'no harm in working out our own scheme for ourselves without paying too much attention to foreign models.'

² Ewbank did not at first intend the Institute to do anything more than provide 'propaganda', and, only

1. B.C.Q., June 1917, p.31.

2. Ewbank, Note, undated, [c. 1917]. (Poona, B.P.C.I., III.)

in Bombay city, some supervision.¹

The most acute comments on Ewbank's proposals came from F.R. Hemingway, the Madras Registrar. He advised caution; otherwise Ewbank might find that he had placed control of the whole movement in the hands of 'an unofficial autocracy that will be quite as unrepresentative and far less responsible than the official department.' On the other hand, if real power were not given to the Institute, Ewbank would find that it would 'languish in the same sort of way that our "Provincial Union" has.' This body had been set up in Madras city in 1914 for propagandist purposes only. 'It now does no really useful work', Hemingway wrote, 'and is in the hands of a few amiable, mildly enthusiastic men in Madras with no experience of the mofussil.'²

As Hemingway had virtually prophesied, the Institute, given a taste of power in Bombay city, wanted a great deal more elsewhere. On two successive days in December 1919, the nationalist Bombay Chronicle devoted editorials to the Institute's affairs. The chief complaint of the Chronicle was that the Institute had no concern with 'the main functions of organization, supervision and audit.' 'It was presumed', the paper said, 'that the Institute, when started, would be entrusted with certain questions relating to the development of non-credit co-operation and would be recognized as the representative association of co-operators in the Presidency.'³

1. See 'Prospectus.' (Poona, file cited.)

2. F.R.Hemingway to Ewbank, D/O (Confl.) of 19 March 1918. (Poona, file cited.)

3. Bombay Chronicle, 22 December 1919.

The goal of 'absolute self-management in internal affairs' should always be kept in mind in the co-operative movement. 'That Ideal government set before themselves when the movement was first introduced into the country, but in many a province it has well nigh been forgotten.'¹ Instead, control was still centred in 'the Registrar's department and its ornamental adjunct, the Honorary Organizers'.²

Almost certainly the editorial was not written by its vitriolic editor, B.G. Horniman. It was probably written by Sayed Abdullah Brelvi, a member of the paper's editorial staff, later to become its editor.³ Brelvi, like Mahadev Desai, was a close friend of Vaikunth Mehta. He was, in fact, virtually a member of the Lalubhai Samaldas household; Motilal Nehru called Brelvi 'the adopted son of Sir Lalubhai'.⁴ The editorial in The Bombay Chronicle may therefore have represented to some extent the opinion of the powerful Lalubhai Samaldas Mehta family. Certainly Vaikunth shared the opinion of Brelvi, and, one suspects, of Mahadev Desai, of the honorary organizers of the mofussil.⁵

'It may be taken', Ewbank wrote in 1919, 'that the goal of our policy is to restrict official control gradually

1. Bombay Chronicle, 21 December 1919.

2. Bombay Chronicle, 22 December 1919.

3. See M.R. Jayakar, The Story of my Life, Vol. I, 1873-1922, pp. 237-247 for a description of The Bombay Chronicle's interior workings at this time.

4. See Natarajan, Lalubhai Samaldas, p. 50.

5. See below, Chapter VII.

to the functions definitely assigned to the official staff in the Co-operative Societies Act and to transfer all initiative, training, finance and development to co-operators themselves as rapidly as efficient, representative and democratic co-operative institutions can be created,¹

Ewbank, to quote the words of one of his subordinates, 'enlisted the co-operation of non-officials to an extent unequalled in India.'² There is no doubt that Ewbank's policy in this respect was quite deliberate. As early as 1913 he was speaking of 'democratizing' credit as well as cheapening it.³ About this time the Government of India also⁴ began again to use the phrase 'the democratization of credit'; it had been almost forgotten since Nicholson's time. Though only vaguely as yet, the movement was beginning to be thought of not only as providing the opportunity for the growth of the Victorian virtue of 'self-help', but also as a training ground for political democracy. The ideas behind the Decentralisation Commission's report were beginning to become part of the background of thought of officialdom.

Ewbank's belief in democratization was strengthened by the study of co-operative literature which his service with the Maclagan Committee necessitated, and he continued

1. Ewbank to Govt. No.6318 of 22 May 1919, encl. Bom.R.D. Order No.14140 of 3 December 1919.

2. D.A.Shah, Obituary Notice of Sir Janardan Madan, B.C.Q., April 1957, p.261.

3. Rept., 1913, p.7.

4. India G.R., R. & A. Dept. (L.Rev.), No. 12-287-1 of 17 June 1914. (Published in pamphlet form.)

to hold his belief in spite of the fact that he was increasingly faced with a nationalism which he found both irritating and somewhat incomprehensible.

About the beginning of 1919 Ewbank felt the need to increase the superior controlling staff. But he felt that it was now not simply a matter of asking Government for an increase in staff and hoping that such a request would be favourably considered. He now had to explain himself to the non-officials in the movement. He therefore convened a meeting of 'practical working co-operators', which met at his office in Poona on 22 April 1919. Representatives of the Institute, and Sane, Naik and Malji and some other honorary organizers, were there. The Bombay Central Bank was represented only by Vaikunth Mehta - a further indication of the type of people who were its directors is given in Ewbank's note that at this time 'all the directors except one were absent either in England or in the hills.'¹

According to Ewbank's letter advising Government of the results of this meeting, several of the non-officials present argued that the co-operative movement was a democratic and popular movement and ought therefore to be as autonomous as possible. But Ewbank had insisted that the additional staff was required mainly in the higher cadres, and not so much for the purposes of ordinary administration as for 'the expert examination of the new schemes that are constantly

1. Ewbank to Govt. No.6318 of 22 May 1919, encl. Bom. R.D. Order No.14140 of 3 December 1919.

being put up and for visiting and advising Banks and Societies on new developments as they arise.¹

Ewbank managed to persuade the meeting to agree to an increase in the number of Assistant Registrars. As a result of the MacLagan Committee Gonehalli had been appointed an Assistant Registrar in the Deccan and Bhadrapur in the Karnatak.² Many of the Registrar's powers had been delegated to them. The 1919 meeting agreed that an additional Assistant Registrar was needed for Gujarat and Khandesh; Gunvantrai Desai, the Auditor for the Northern Division, became the first Assistant Registrar for that area.³ When Gonehalli went on study leave to England towards the end of 1919 his place was taken by Janardan Madan, an Indian member of the I.C.S.,⁴ who was eventually to become the first Indian Registrar in Bombay.⁵

Ewbank also managed to persuade the 1919 meeting that he needed a Personal Assistant. With over 15,000 letters sent by his office during the past year, nearly 1,000 arbitration cases and 500 applications for the registration of new societies to deal with, the time of the Registrar himself, as well as of his staff, was extremely full. 'If I

1. Ibid.

2. Bom. R.D. Order No.11855 of 1 December 1916.

3. Bom.R.D. Order No.14140 of 3 December 1919.

4. Rept., 1920, p.1.

5. Janardan Atmaram Madan: Asst.Collr., Bom.,1909; Asst.Regr., 1919; Acting Regr., 1919, 1921; Regr., 1923; Joint Sec., R.C. on Agric., 1926; Chairman, Bom. Prov. Banking Enquiry Cttee., 1929; Sec., R.D., 1934; Commr.,1936; Adviser, Governor of Bom., 1939; Kt., 1942.

remained at Poona,' he wrote to Government, 'I could dispose of my office work without much difficulty. But in fact I find it necessary to be on tour for more than half the year; and while I am on tour about half of every day is spent in visiting and instructing societies. The result is that I sometimes have to scamp my office work and although personal touch with leading workers is essential in this sort of work, I often find myself regarding visitors almost as personal enemies and more anxious to get them out of my office than to understand what they want.'¹

Bhadrapur became the Registrar's first Personal Assistant² for a few months before he finally reverted to the Revenue Department to take up the Deputy Collectorship which he had coveted for so long.

The higher cadres had been strengthened. What of those officials who did the more routine work of supervision - the auditors and the inspectors? The Maclagan Committee were emphatic that 'It is through the audit alone that an effective control can be exercised over the movement'.³ The Committee recommended that an auditor should not be called upon to audit more than 100 societies a year.⁴

Ewbank, however, was perhaps a little tardy in pressing for this principle to be put into practice in Bombay.

1. Ewbank to Govt. No.6318 of 22 May 1919, encl. Bom. R.D. Order No.14140 of 3 December 1919.

2. Rept., 1920, p.21.

3. Maclagan Cttee. Rept., p.57.

4. Ibid., p.170. Recommendation No.100.

During 1915, 137 societies went completely unaudited. But Ewbank did not propose asking 'in wartime' for the number of auditing officers recommended by the Committee.¹ It was not until 1918 that he asked for - and obtained - his full complement.² Ewbank was always assiduous in not pitching too high those of his requests to Government which involved finance; consequently, he usually obtained what he asked for. Nevertheless it does appear that he sincerely believed that the day would come when auditing could be handed over to a non-official agency. For some time, it would appear, he had in his mind a scheme for an 'Auditing Federation', formed from, and to an increasing extent financed by, the guaranteeing unions.³ But Ewbank was transferred before this scheme came to fruition.

Ewbank felt increasingly that general supervision, as distinct from auditing, could not be handed over either to the Institute or to the district central banks. 'The alternative to expert official control', he stressed, 'is not control by non-official amateurs, however philanthropic, but self-control.'⁴ He rapidly became suspicious of the Institute

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1. Ewbank to Govt. No.C.-266 of 19 February 1916, encl. Bom. Finance Dept. Order No.2213 of 26 July 1916.
 2. Ewbank to Govt. No.13 of 2 January 1918 encl. Bom.R.D. Order No.7084 of 5 July 1918.
 3. See Ewbank to B.A.Collins, Regr., Bihar and Orissa, D/O of 27 March 1918. (Poona, B.P.C.I.,III.) See also Ewbank, 'The True Sphere of Central Banks' in B.C.Q., September 1918, p.10. (Reprinted from Agricultural Journal of India, July 1918.)
 4. Ewbank to Govt. No.6318 of 22 May 1919, encl. Bom.R.D. Order No.14140 of 3 December 1919. Cf. Ewbank, 'Guaranteeing Unions', in Ewbank, (ed.), Indian Co-operative Studies, p.49.

and its claims. 'The Central Co-operative Institute', he wrote towards the end of his period as Registrar, 'can do valuable propagandist and training work but it is not truly representative of the movement as a whole and is not in my opinion suited at present for taking over any administrative work.'¹ By 1918 he also strongly opposed any extension of the control over the movement which was exercised by the district central banks. In the United Provinces and the Central Provinces, as Ewbank had noted in 1915, the policy had been to make the district central banks not only the balancing and lending organizations of the movement but also the main supervising agencies. Ewbank now condemned such an arrangement. The 'small knot of professional gentlemen and land-owners at headquarters',² who in practice ran these banks, were too distant from the village societies they financed to be able to supervise them directly.

In his Report for 1918 Ewbank insisted on the need to keep the village society firmly in mind. 'The object for the benefit of which the whole fabric has been constructed is the village society.'³ Ewbank had now placed his faith firmly in the men thrown up by the village societies, the village leaders who had been brought together in the guaranteeing unions. The guaranteeing union was to be, in fact, 'the axis

1. Ewbank to Govt., letter cited.

2. Ewbank, 'Guarnateeing Unions', in Indian Co-operative Studies, p.51.

3. Rept., 1918, p.3.

around which co-operative administration revolves.¹ The guaranteeing unions, rather than the urban intelligentsia, the philanthropic amateurs, were to provide that means of 'self-control', that truly democratic scheme of administration which Ewbank earnestly desired.

Ewbank's long career as Registrar came to an end with his appointment in January 1920 as Deputy Secretary to the Government of India in the Commerce and Industry Department.² He was given a general oversight over co-operatives in India as part of his duties.

If we take the statistics furnished in March 1912 and in March 1920 as roughly representative of the state of the movement in Bombay at the beginning and end of Ewbank's term as Registrar, we may understand at least to some extent the nature of the growth which took place during this period. The number of rural societies had risen from 284 to 2,091. Their working capital had increased from Rs.4,88,552 to Rs.1,10,39,323. The average membership per rural society had increased from forty five to seventy five and the average working capital per member from Rs.38 to Rs.71. In Dharwar District, the best as far as numbers were concerned, about

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1. Ewbank, 'The True Sphere of Central Banks', in B.C.Q., September 1918, p.110.
 2. See Rept., 1920, p.1.

a third of the villages had societies.¹ These were statistics on which Ewbank no doubt prided himself.

Doubtless , too, Ewbank prided himself on the tributes which were paid when he left for Delhi. The Bombay Chronicle did not compliment Englishmen unnecessarily. It did not begrudge him this tribute, however: 'When Mr. Ewbank assumed charge in 1912, the co-operative movement in this Presidency was a negligible factor in the life of the people. It was looked upon as a fad and a craze promoted by Government and taken up by a few stray persons here and there who wished to stand well with Government. From the very outset of his career as Registrar, Mr. Ewbank threw himself heart and soul into the movement, preached it with the zeal of a believer and by his fair mindedness and frankness attracted to it a large number of persons with varied political beliefs. In spite, therefore, of the differences of opinion which Mr. Ewbank has had with co-operators, who are anxious to make the movement as democratic [sic] in its working and constitution as in its aim, particularly at the time of the promulgation of some objectionable rules under the Act, there

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1. A good deal of caution is required when working with co-operative statistics. For instance, a considerable sum was included twice under the heading 'Total Working Capital', first as the working capital of central banks, including the Bombay Central Co-operative Bank, and then as the working capital of primary societies. The habit of adding the statistics of the urban societies to those of the rural societies also gives a false impression, especially when comparisons are made with other provinces, or when one is chiefly concerned, as is the author, with the agricultural movement. Bombay had more urban societies than other provinces; many of the 'urban banks' had very high memberships and very large amounts of capital.

will be general regret at his going.'¹

Such tributes were undoubtedly deserved. Yet today it is possible to see that, although Ewbank himself probably did not realize it at the time, he did in fact leave the co-operative movement in a somewhat precarious position. He had built up a force of honorary organizers, and then proceeded, not altogether perhaps on his own initiative, to disband large sections of it. He had seen the Bombay Central Co-operative Bank grow from its infancy; in spite of his friendship with Vaikunth Mehta there was often in his dealings with the Bank a distrust of Bombay 'big business'. He had organized the Institute, but he did not wish to give that organization a great deal of real power.

The distrust which Ewbank displayed towards the urban élite may frequently have been justified. Yet to that élite such distrust was probably just another sign of unreasonable British dislike of 'these educated classes.'² And there was now a dynamic new political ideology which could easily draw the urban élite away from co-operative activity altogether.

Ewbank's fundamental sympathies - and, of course, those of Campbell and countless other British officers of the time - were with the villager. The villager was conceived to be someone slow and simple, yet hardy and in most ways

1. Bombay Chronicle, 29 January 1920.

2. Cf. Nirad C. Chaudhuri, 'Passage To and From India', in Encounter, June 1954, p.23.

basically honest. It was with him, Ewbank felt, that the 'future hopes of the movement' lay. Democracy must start from the bottom. The guaranteeing union, made up of 'the little leaders of the labouring classes', was eventually to be the 'axis' around which the movement revolved. In the meantime, official control at the top had to remain. The co-operative movement in Bombay at this time reflected to a remarkable degree, in fact, the attitudes of the British to the whole problem of the transfer of power.¹

But suppose that in the co-operative sphere guaranteeing unions proved to be basically unworkable. Suppose, furthermore, that for various reasons, the 'mass of apathy', which Mahadev Desai found in the villages, remained largely impenetrable. Where then would co-operative democracy stand?

The only workable alternative to co-operative democracy which did not involve control by townsmen and dilettante amateurs was, as Mahadev Desai realized, three or four paid inspectors for each district. It was an alternative which Ewbank by inclination did not wish to face, and which Indian nationalists and Government parsimony did not allow him to face.

1. Cf. Percival Spear, 'From Colonial to Sovereign Status--Some Problems of Transition with Special Reference to India', in Journal of Asian Studies, August 1958.

VII

'THE PEAK'?

(1920 - 1923)

Otto Rothfeld¹ had reached the Senior Collector's grade as Collector of East Khandesh. He was a little too unorthodox in his ideas and his methods to be able to look forward to a Commissionership, and probably would have retired somewhat earlier than he did if he had not been offered the position of Registrar of Co-operative Societies.² The post gave this 'brilliant, versatile, impetuous and impatient officer'³ full scope for his abilities. 'The Rothfeld régime,' one who followed him as Registrar has written, 'represented, perhaps, the peak which the Co-operative Idea attained in official estimation, and almost everything that he asked for or ordered was given and carried out without question.'⁴

But although Rothfeld usually had his way, he was somewhat distrusted in some official circles. One Collector wrote sarcastically of 'the Germanized uniform scheme' which had grown up under Rothfeld's administration of the co-operative department;⁵ there was an element of personal rancour

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1. Otto Rothfeld: Asst. Collr. and Asst. Political Agent, 1899-1916; Collr., 1916-1920; Regr. Co-op. Socs., 1920-1923; retd., 1923.
 2. See Rothfeld's speech, Prov. Co-op. Conf. Procs., 1923, p.74.
 3. D.A. Shah, Obituary Notice of Sir Janardan Madan, B.C.Q., April 1957, p.261.
 4. V.S. Bhide, Obituary Notice of Professor H.L. Kaji, B.C.Q., January 1953, p.108.
 5. (Copy of) A.H.A. Simcox, Collr. Nasik, to Commr. C.D., D/O of 9 June 1921. (Poona, T.A.G.7.)

here, as Rothfeld, of part Hungarian extraction and with relatives in Hungary, had been interned for a brief period during the War.¹

Rothfeld had spent some time in the Political Service before he became Collector of East Khandesh and had had time to write several reasonably successful evocations of the Indian scene.² Though he toured quite extensively as Registrar - for about two hundred days a year, in fact - one has the feeling that his comparatively leisured life continued. His tours took him rather frequently to those parts - Gujarat and Khandesh - which he knew well. His annual reports were tossed off in a few days with the aid of a shorthand typist, instead of being painstakingly written and circulated to the Assistant Registrars for comment before publication.³ A personal Assistant did most of the everyday work that had previously been done by the Registrar, and many of the Registrar's powers had been delegated to the increasing number of Assistant Registrars. Rothfeld, then, represented the new type of departmental administrator. His task, as he conceived it, was to have the ideas; it was largely up to others to look after the minutiae of co-operative administration. Rothfeld 'saw and planned almost fifty years ahead, leaving little unthought and untouched', one of Rothfeld's subordi-

1. Information from Shri Vaikunth Mehta.

2. Indian Dust, 1909; Life and its Puppets, 1910; With Pen and Rifle in Kishtwar, 1918; Women of India, 1920. See also Umar Khayayam and his Age, 1922.

3. Information from Shri D.A. Shah.

ates has written.¹ This is perhaps an exaggeration; nevertheless, it is true that many of the opinions which Rothfeld held are, on the face of it, similar to those held in India today.

Before he took up his position as Registrar he was sent on a six week deputation to France and Italy to study co-operation there - the Maclagan Committee had recommended that such experience should form, if possible, part of the training of Registrars.² What he saw there, he claimed in his report on his deputation, compelled him 'slowly to abandon the prepossessions I had in favour of non-intervention' by the State in co-operative matters.³ Rothfeld realized where the new developments which he fostered might lead. It was hardly possible, he thought, for producers' and consumers' societies to develop 'without bringing into question long accepted opinions about property and individual rights of every kind.'⁴ The co-operative movement, Rothfeld told the Provincial Co-operative Conference in 1923, 'stands for the control of all business in the interests of the people'. It stood 'as a barrier to prevent the onrush of the evils which have in other countries followed in the wake of the capitalist movement.' He spoke quite savagely about the evidence of certain businessmen before the Tariff Committee of 1923 -

1. Shah, loc.cit.

2. Maclagan Cttee. Rept., p.56.

3. Rothfeld, Impressions of the Co-operative Movement in France and Italy, p.3.

4. Rothfeld, review of L. Smith-Gordon and C.O'Brien, Co-operation in Many Lands, Vol.1, in B.C.Q., June 1920, p.35.

of 'those who control the means of production' and who wished 'to impose additional taxes on the peasant.'¹ One instance stands out in which it might be said that Rothfeld was acting from 'socialist' motives. In 1922 the Bombay Central Co-operative Bank submitted a list of banking institutions with which it desired to make deposits. One was the 'Peninsular and Orient Banking Corporation', an organization obviously connected with the shipping line of that name. Rothfeld, writing to Government, recommended that deposits with this Bank be not permitted: the Corporation was, he claimed, 'a striking example of a bank devoted to the interests of a capitalist concern peculiarly opposed to the ideals underlying co-operation.' The Bombay Government were not impressed by such arguments, however.²

Rothfeld's 'socialism' was chiefly the result of his capacity to think the co-operative idea through to its logical conclusion. He perhaps had something of the clever man's desire to startle the complacent with his 'logical conclusions.' His practical achievement was necessarily a good deal more limited than the scope of his thought.

After Rothfeld had been Registrar for a few months the Reforms scheme came into effect in Bombay. Co-operation became a 'transferred' subject under an Indian Minister.

1. Prov.Co-op. Conf.Procs., 1923, pp.16-17.

2. Rothfeld to Govt. No.B.P.B/13 of 13 November 1922, encl. Bom.G.R.R.D. No.6720 of 28 March 1924.

The first Minister of Agriculture and Co-operation was Chunilal Mehta. Chunilal resigned as Chairman of the Board of the Bombay Central Co-operative Bank when he became the Minister; he was therefore obviously very familiar with the problems of co-operation. He belonged to that group of Liberals who ruled in most provinces while Congress refused to contest the Council seats and who 'provided the most distinguished and forceful ministers of the whole Dyarchy period.'¹ His philosophy was perhaps somewhat paternalistic. Certainly he felt that the initiative in the Indian situation had to come from above rather than from below: 'if we do desire to have progress, let us not consider what will be acceptable or what will not be acceptable to most people. Let us first see what is good - what is for the good - for the agriculturists and the co-operators in the Presidency and then see what would be the best way of carrying it out according to the wishes of the people.'² The Liberals, it has been pointed out, 'did not believe in mass contact.'³

Rothfeld was the first Registrar to be completely independent of the Director of Agriculture. But Rothfeld as Registrar, Mann as Director of Agriculture and Chunilal Mehta as Minister worked together as a vigorous trio; ~~the~~

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1. Tinker, The Foundations of Local Self-Government in India, Pakistan and Burma, p.130.
 2. Prov.Co-op. Conf. Procs., 1922, p.104.
 3. B.R.Ambedkar, Ranade Gandhi and Jinnah, p.82. The author owes the reference to Dr.Ambedkar's analysis of the Liberals to Dr. S.V.Kogekar, the Principal of Fergusson College, Poona.

the harmonizing influence between the stern Director and the somewhat flamboyant Registrar was usually the Minister.¹ During the years of their administration it certainly appeared that 'rural development' had been freed from the trammels of official tardiness and even, for a time, from the trammels of official parsimony.

Yet, as Rothfeld pointed out to the Royal Commission on Agriculture, 'the Secretariat' still came between the departmental administration and the Minister of a transferred subject. Rothfeld did not object to his proposals being submitted to the Finance Department: 'no head of a department in this or in any other country could possibly object to his proposals, as far as they involve finance, being subject to a Finance Department.' But he did object to the continuing Revenue Department surveillance of co-operative affairs: 'the Registrar, let us say, or the Director brings up to the Minister certain proposals for a change in policy for discussion and approval. He goes up to him as the permanent head of a department naturally would in any country. The Minister approves of the proposals. They are then drawn up in detail. They are then submitted through the Revenue Secretary, and, in conformity with the old Secretariat system, the Revenue Secretary naturally thinks himself

1. Cf. Dr. Mann, when a 'Development Commissioner' was suggested in order to bring together the activities of the Co-operative and Agriculture Departments: 'my Development Commissioner is the Minister.' Regrs. Conf.Procs., 1926, P.54. Chunilal Mehta by this time had ceased to be Minister, however.

entitled not merely to criticise the form of the proposals and to see that they are put up in a correct form, but also to start revising the matter of the proposals already approved by the Minister.'¹

Rothfeld failed to mention in this account that under the Reforms he himself was not purely an administrative head. He was also a member of the Legislative Council. His duties there took up a good deal of his time;² one suspects, however, that they were quite enjoyable to a man of his temperament. It should also be added that Chunilal Mehta's position as Minister was not as powerful as it might have been if Lloyd,³ the Governor, had called joint meetings of ministers. Chimanlal Setalvad, the first Indian member of the 'reserved' half of the administration, claimed that under Lloyd the ministers were 'reduced to shadows.'⁴ Responsibilities and powers, then, were as yet vaguely defined, both in law and by precedent.

Although at the end of his period as Registrar and in retirement⁵ Rothfeld professed himself to be strongly in favour of the rapid transfer of political power to Indian hands - indeed, he appears to have expected Indepen-

1. R.C. on Agriculture in India, Mins. of Ev., Vol.II.
pt.i, pp.166-167.

2. Rept., 1923, p.3.

3. Sir George Ambrose Lloyd: M.P., West Staffordshire,
1910-18., Govr. Bom., 1918-23.

4. Bombay Chronicle, 22 October 1924.

5. See Prov.Co-op. Conf. Procs., 1923, p.74; Prov. Co-op.
Conf. Procs., 1926, p.97.

dence by about 1930 -¹ he was opposed to the brand of politics represented by the Congress.

Rothfeld told the Provincial Co-operative Conference of 1920 that in the past year, for the first time, the co-operative movement had been 'faced by a clamorous and influential opposition.'² The exact nature of this opposition he left undefined. In his 1921 Report he noted that he had spent a good deal of time in Gujarat inspecting the societies there, affected as they were by 'political conditions'.³ There is, in fact, no conclusive evidence available at present ⁴ to show that cultivators at this time refused to pay debts owing to co-operative societies because they considered the societies to be state-sponsored. In 1920-21 arrears in Surat increased, 'rather inexplicably', as Rothfeld put it in his Report, from Rs.22,000 to Rs. Rs.1,43,000.⁵ The Government of Bombay in its Resolution on his Report (was such a Revenue Department resolution an anachronism?) had no doubt that the movement had been 'hampered by the results of political propaganda.'⁶ There would appear to be a strong a priori case for tracing some of the increasing embezzlement and 'contempt for the law' of these years to the attitudes to which the non-co-operation

1. Ibid.

2. Prov.Co-op. Conf. Procs., 1920, p.16.

3. Rept., 1921, p.1.

4. The author has not been allowed access to the Confidential files in the Registrar's Office in Poona dealing with the effects of the Congress agitations on the Co-operative movement.

5. Rept., 1921, p.8.

6. Bom.G.R.R.D. No.P.53 of 8 December 1921.

movement gave rise, if not to the non-cooperation movement itself. Rothfeld laid the blame in this way, frequently and bitterly.¹

The Congress attitude to the co-operative movement, at first undefined officially, appears to have become more favourable with the beginnings of the 'constructive programme.' In December 1922 Young India published an article entitled 'Swaraj and Rural Co-operative Societies.' Its writer signed himself simply 'A Co-operator.'² Co-operative societies were seen by this writer, almost in orthodox British fashion, as a most valuable training ground for self-government, as a 'preparation for real Swaraj'. Congress workers were asked to enter the movement. Young men were needed - one worker to every three to five villages. 'In fact the movement for Swaraj and the co-operative movement ought to be identical.' Then came the final twist: only if such a policy were adopted 'would mass civil disobedience and other political devices become possible.'³ This last sentence appears to have been only an afterthought, different in tone from the rest of the article, added to give the article respectability in some Congress eyes. It can hardly have given the article respectability in British eyes, however.

In actual fact, few Congressmen joined the co-oper-

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1. See, e.g., Rept., 1921, p.5; Rept., 1922, p.5.
 2. Shri Vaikunth Mehta thinks that the article was probably by a South Indian, a personal friend of Rajagopalchari, (who was then editing Young India), or possibly by Rajagopalchari himself.
 3. 'A Co-operator', 'Swaraj and Rural Co-operative Societies', in Young India, 21 December 1922.

ative movement at this time.

Those nationalists who began to play an important part in the co-operative movement in the Bombay Presidency in the early twenties were rather those who were being rapidly left on the fringe of Congress politics - the Poona disciples of Tilak, especially N.C. Kelkar and D.V.Gokhale. In some brilliant pages M.R. Jayakar has described how these men temporized with the doctrines of Gandhi. Within a year they had lost their pre-eminent position as leaders of Maharashtra and there was nothing left for them but to become 'Responsivists'.¹ They, too, were not really prepared to deal with a mass movement.

Furthermore, the disciples of Tilak were Brahmans. Kelkar was the last Brahman President of Poona Municipality before the 'Samiti' Presidents of recent years. The 1922 municipal election marked the end of 'advanced class' domination of the Municipality.²

Kelkar's influence was still far from negligible, however. His insistence in 1923 that he would remain on the Board of the Poona Central Co-operative Bank only if there were no party feeling seems to have largely cured that Bank of its squabbles.³ But the fact that Kelkar and D.V.Gokhale

1. Jayakar, The Story of My Life. Vol.I, 1873-1922, pp.371-375

2. See Y.B.Damle, 'Caste in Maharashtra', in Journal of the University of Poona, Humanities Section, No.9. 1958, p.93. See also M.P.Mangudkar, Municipal Government in Poona, 1882-1947, (A Case Study), Unpublished Ph.D.thesis, University of Poona, p.34.

3. Minutes of Annual General Meeting, 24 June 1923, and following papers. (Poona, Poona C.C.B.-A.)

began to take up co-operative work in earnest at this time is to a considerable extent the result of there being little else left for them to do, in national, or, increasingly, in local politics.

In the rural areas, even more than in the city areas, the Brahmans were becoming increasingly unwelcome.

In the Satara District the movement assumed a definitely anti-Brahman colour. Most of the organization came from over the southern boundary of the district - from Kolhapur State. Kolhapur was headed by a strongly anti-Brahman Maratha Maharajah, Shahu Chhatrapati. B.V.Jadhav, 'the bitterest enemy of Brahmanism',¹ who had been the Maharajah's Chief Revenue Officer, virtually had to be appointed an honorary organizer in the Satara District because of the tremendous influence he wielded there. The non-Brahmans' greatest triumph in the Satara district was the conviction of a Brahman^{man} district honorary organizer for embezzling co-operative funds.²

In Sholapur District, too, feeling ran high against the Brahman honorary organizers.³ Sholapur was Sane's district. He was very distressed about the agitation. Writing in Kesari he condemned the non-Brahman cry that the movement was run by Brahmans for their own benefit. The main purpose of the movement, he said, was to raise the economic and

1. Dhananjay Keer, Dr. Ambedkar, Life and Mission, p.97.

2. Rept., 1923, p.39.

3. Ibid., p.10.

moral standards of life of the people. With such an aim, the main group who benefited were the non-Brahmans. The Brahmins who led the movement did so simply because they were educated. If the non-Brahmins really wanted the Brahmins to go they would go - and the movement would suffer. But the non-Brahmins should not blame the Brahmins for all the faults of the co-operative movement if at heart they were not prepared to do without the Brahmins.¹

Yet it would appear that the non-Brahmins were, in fact, increasingly prepared to do without the Brahmins. They did not for a time have many leaders to put in place of the Brahmins. The movement for non-Brahmin education, to a considerable extent sponsored by the Maharajah of Kolhapur, had begun.² But there was to be a time-lag before the newly educated could assume positions of responsibility.

Rothfeld's attitude to the controversy between Brahmins and non-Brahmins was perhaps not quite impartial. He was sarcastic about the Sholapur cultivators who 'seem to have persuaded themselves in some mysterious way that this is primarily a Brahmin movement.'³ But he did not hesitate to point out, with even more sarcasm, that in the majority of cases of defalcation in 1923 'the offenders belong to the educated class and to a community which holds the first rank

1. Sane in Kesari, 29 June 1920.

2. See Maureen L. Patterson, 'Caste and Political Leadership in Maharashtra', in Economic Weekly, 25 September 1954, p. 1065. Cf. Alan R. Beals, 'Change in the Leadership of a Mysore Village', in Economic Weekly, 25 April 1953, p. 488.

3. Rept., 1923, p. 10.

in the Deccan and the Southern Mahratta Country and prides itself on its power and purity.'¹

Rothfeld appeared to many to be aiding the non-Brahman cause in a circular which he issued in 1921. A secretary of a society in the Sholapur district misappropriated Rs.300 belonging to the society. He was discovered, and given a stiff sentence by the Collector. This secretary was a watandar kulkarni. Rothfeld issued a circular which stated that 'under no circumstances should a Watandar Kulkarni be a Secretary.'² Rothfeld no doubt felt justified in tackling the problem of the power held in the villages of the Deccan by these hereditary village accountants. This power was certainly not always used for good. But several speakers at the 1921 Provincial Conference felt that the circular 'indirectly breathes hatred against the Brahmin community in general'.³ There were black sheep in all groups, it was said, but a group should not be judged by its dishonest minority.⁴

It was possibly in order to placate Brahman feeling that J.A. Madan, who acted as Registrar for part of 1922, issued another circular about the place of patels, who were usually non-Brahman, in the work of the societies. There were instances, he said, in which patels took advantage of their

1. Ibid., p.39.

2. Rothfeld, Circular No. P.O.L.-12 of 2 May 1921. (Poona, loose.)

3. V.M. Bakre, Prov.Co-op. Conf. Procs., 1921, p.21.

4. Submissions of M.C.Kelkar, (Jalgaon), and P.K.Jambhekar, loc.cit. See also Prov.Co-op.Conf.Procs., 1922, pp.68-69.

position in the villages and in such cases they should be removed from the co-operative society committees. But, even so, 'great care' should be taken to ensure proper enquiry in such cases; the patels, unlike the kulkarnis, were cultivators, and usually 'influential' in the village in a useful way.¹ Madan, as an Indian, was treading delicately in a delicate situation.

Rothfeld's general attitude to non-officials in the co-operative movement might at first appear to be somewhat akin to Ewbank's. The 'lines of development' which he wished the co-operative movement to follow were, he said in one place, those 'by which Government control and Government supervision are reduced to a bare minimum and on which the societies are left to work out their own salvation as individual units in a self-governing movement'.²

Yet Rothfeld as he wrote this did not have the 'humble villager' in mind in the way that Ewbank had. Temperamentally, in fact, he was a townsman; his 'socialism', such as it was, was of the sophisticated, essentially urban variety. He, too, disliked mass movements. His socialism certainly did not prevent him from relying 'with confidence upon educated and moderate opinion among commercial and professional leaders of Bombay'.³ For under Rothfeld the

1. Madan, Circular No.160 of 7 April 1922.(Poona, Original Circulars, II.)

2. Rept., 1923, p.33.

3. Rept., 1921, p.5.

Institute was allowed to assume a much more important rôle in the movement than that which Ewbank had intended it should assume.

Rothfeld brought forward a scheme for affiliating societies to the Institute on payment of a very small fee and also for opening up Divisional and even District Branches of the Institute. During 1921, the enthusiastic V.H. Gonehalli, just back from England, and now assuming the name of 'Naik', was given the task of reorganizing the Institute along these lines. He succeeded remarkably well. Over 1,000 societies joined. Divisional Branches were opened in Gujarat, Maharashtra and the Karnatak.¹

With the rise of the Institute the place of the honorary organizers in the movement began to decline. Vaikunth Mehta, for one, was all in favour of this. After a clash with an honorary organizer in one of the canal areas he wrote to Rothfeld: 'I have very often conveyed to you officially and in private conversation my own opinion of the system of honorary organizers. You have been inclined to agree with me and have assured me and so had the Hon. Mr. Mehta² that it was only a question of time before this system which puts a premium on irresponsibility was replaced by an agency more amenable to rational discipline....My personal view is that a body of persons who are neither responsible to Government nor are organically connected with

1. V.H. Naik, Prov. Co-op. Conf. Procs., 1921, p.124 et.seq.

2. Chunilal Mehta, the Minister.

banks or the Institute should have no place in the movement.¹ Rothfeld, however, did not take any action in the matter of honorary organizers. He probably preferred to let the institution die a slow death. In fact, it had quite a long life in front of it.

The control of the non-official side of the movement remained in the hands of the educated urban minority. Rothfeld believed that the primary societies would always need 'advice, supervision and inspection from outside'.² This was very different from the 'self-control' which Ewbank had advocated. Rothfeld in one place claimed that he would like to see the outside control coming increasingly from the Institute and the financing agencies. He would not, however, hand over all powers of supervision to the Institute until it had 'a trained and numerically adequate staff.' In order to maintain this staff the funds of the Institute needed to be 'nearly doubled. Any such increase implied not only an increase in the subscriptions but also an increase in the government grant.'³

In practice, Rothfeld probably exercised as much control over the movement as his predecessors, if not more. Hubert Calvert, the Punjab Registrar, who was a member of the Royal Commission on Agriculture, asserted that the

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1. V.L.Mehta to Rothfeld D/O of 17 September 1923. (Poona, Bombay Provincial Co-operative Bank. Hereafter the title of this file is written in footnotes as 'B.P.C.B.')
 2. R.C. on Agriculture, Mins. of Ev., Vol.II, pt.i, p.169.
 3. Rept., 1923, p.33.

Bombay Registrar's office issued circulars 'to an extent unknown in other Provinces.'¹ The trio of distinguished Punjab Co-operative officials, Calvert,² Strickland³ and Darling,⁴ went further in theory than did those in most other provinces in advocating the 'self-management' of societies. Yet Rothfeld claimed that there was a 'very much larger percentage' of societies in Bombay which were 'entirely self-managing (which write out their own accounts and conduct their whole business very well) than is the case in the Punjab or in any other Province.'⁵

Rothfeld's outlook towards official control was conditioned by his continental experience. 'Why do you think official control is necessary? Why not educate a society to manage its own affairs?' Calvert asked Rothfeld, now retired, when he came to give evidence before the Royal Commission. 'I find it very difficult to put what I mean into words', Rothfeld replied. 'I have not that trust in human nature and I know of no countries, except Denmark and England, which have been able to carry on the co-operative

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1. R.C. on Agric., Mins. of Ev. Vol.II, pt.i, p.175.
 2. Hubert Calvert: Asst. Commr., Punjab, 1898; Dep.Commr., 1915; Regr.Co-op.Socs., Punjab, 1916; Member, R.C. on Agric.,1925; Commr.,1928; Finance Commr.(Development), 1932;retd.,1933.
 3. C.F.Strickland: Asst.Commr.Punjab,1905; Dep.Commr.,1919; Dep.Regr.,1922; Regr.,1926; retd.,1931.
 4. Malcolm Lyall Darling: Asst.Commr.,Punjab,1904; Tutor and guardian, Raja of Devas,1907;U.Sec.,Govt.of Punjab,1911; Joint Regr.,1920; Commr.Income Tax,1921; Regr.,1927; Commr.,1931; Finance Commr.,1936; K.C.I.E.,1939;retd., 1940.
 5. Ibid.,p.174.

movement without a good deal of official control. The circumstances of certain intensely individualist countries like Denmark and England are very different from those of India, and to my mind the analogy appears to be rather with the practice in France and practically every other ^(continental) European Country.' Rothfeld went on to add that 'if the co-operative movement is ever going to do what, after all, we as co-operators look forward to as the ideal, and that is, almost to be the State itself in all its economic aspects, it appears to me essential that the State in its political aspects should also to some extent control the co-operative movement inas-much as it will also be controlled by it.'¹ This point of view was poles apart from that of almost everyone else in high government circles in the India of the time. The approach of a Calvert to the problem of authority in a country like India was fundamentally that of the English liberal. Rothfeld, on the other hand, approached the problem in a peculiarly European, and, many must have thought, in a peculiarly doctrinaire way.

Rothfeld's views on the general question of control were probably to some extent the result of his experiences with guaranteeing unions.

Even before Rothfeld became Registrar there were signs that the guaranteeing unions were not working as they should. Henry Wolff had written to the Registrar expressing

1. Ibid.

the opinion that societies might overlook the defects of other societies within the unions in order to obtain similar treatment themselves. And this was exactly what was happening. Even Ewbank had to admit that the half-yearly forecasts of the unions to the Bombay Central Co-operative Bank were often too high, and that intervisiting was not taking place as frequently as it had been planned that it should.¹ He had issued a circular announcing that a Special Mamlatdar, or a person appointed by him, would visit each union annually and make specific enquiries on these points.² Yet the guaranteeing unions had been intended to eliminate the work of the Special Mamlatdars. Once the Registrar felt that he had to check, in a way that was more than formal, the recommendations of the unions to the Central Bank in Bombay, the whole purpose of the guaranteeing unions was beginning to disappear.

Rothfeld at first went no further than to express the opinion that Ewbank had been somewhat over-optimistic about guaranteeing unions.³ Even in 1921 he did little more than endorse the opinion of Madan, his Senior Assistant Registrar, that 'Union members are not yet sufficiently actuated with a sense of social service to do their work properly without the stimulus of either reward or fear....With, however, proper supervision and guidance, the spread of the Union system seems to me to be the only way for effecting

1. Rept., 1919, p.21.

2. Ewbank, Circular No.92 of 12 June 1918. (Poona, Original Circulars, II.)

3. Rothfeld, Review of Ewbank, (ed.), Indian Co-operative Studies, in B.C.Q., June 1920, p.36.

that supervision over societies which at present is necessary and which in some provinces is now undertaken by official agency.¹

But by 1922 Rothfeld was very concerned about the conditions of the guaranteeing unions. Proximity was essential in grouping societies together in a guaranteeing union. Because of the scattered nature of the societies in Bombay only sixty six guaranteeing unions had been formed. Yet, because on the whole the guaranteeing unions were formed in the more prosperous areas, they absorbed fifty three lakhs of the Rs.1,60,00,000 working capital of the rural societies of the Presidency. Rothfeld thought this state of affairs somewhat dangerous.² Registrations of guaranteeing unions had virtually ceased; only two, in fact, had been registered since 1920.³

Strangely, the faults of the guaranteeing union system were never, so it would seem, analyzed in detail. The basic fault appears to have been that the 'guarantee' came into operation only as a last resort. The procedure in case of default was outlined by Ewbank in this way: 'The defaulting society is first cancelled and the joint unlimited liability of its members enforced to the uttermost. It is only if at the end of the liquidation any deficit remains,

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1. Madan, Note, Prov.Co-op.Conf.Procs.,1921. p.67, also quoted in part in Rept., 1921, p.10.
 2. Rept.,1922, p.8.
 3. Cf.Rept., 1920,p.6.

the payment of which has been guaranteed by the union, that the other union societies are required to make it good in proportion to the degree of liability accepted by each of them.' Ewbank added, significantly, that 'As no case has yet arisen in India or Burma, in which the union guarantee has been actually enforced, it is difficult to decide which system will bear the strain best and prove in practice most equitable to its members.'¹ This was written in 1919. In the years following, the societies completely opposed any change in the procedure. The limits on borrowing under the guaranteeing union system were such that the enforcement of joint unlimited liability in the one defaulting society almost always covered the loss. This was what Rothfeld meant by the 'illusory' nature of the guarantee.² But at the same time the credits available under the system, enhanced by the 'supervision' that was supposed to be an essential part of it, were high enough to encourage reckless recommendations by societies in the unions. They knew that almost certainly they would not be affected if the loans they recommended could not be recovered. The result of the continuance of such a system could easily have been a large number of liquidations.

Another fault of the guaranteeing union system was

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1. Ewbank, 'Guaranteeing Unions', in Indian Co-operative Studies, p.57.
 2. Rept., 1923, p.10. Cf. G.H. Desai, Personal Asst. to Regr., Office Note of 29 November 1928: 'almost all of the co-operative loans are given to persons who collectively are always solvent in the end.' (Poona, B.P.C.B.)

that from the beginning practically no effort was made to train the committees of the unions and their meagre, poorly paid staff. Ewbank had plainly expected too much from 'the little leaders of the labouring classes'.

The 1922 Provincial Co-operative Conference appointed a strong Committee to consider the whole question of guaranteeing unions. The Committee reported to the Conference of the following year. It 'unanimously held that for the purposes of supervision it was necessary to have some agency intermediate between the primary society and the central financing agency'. While the Committee had 'great doubts' about the efficacy of guaranteeing unions, and did not believe more should be registered, it did not wish the existing ones to be dissolved unless the members wished it. It was proposed, however, to form 'supervising unions' for the purpose of supervision only.¹ These unions would have areas larger than the areas which guaranteeing unions served 'so that', as the Report of the Registrar for 1924 stated, 'more societies could be affiliated and a better committee and a well paid supervisor could be appointed.'²

Rothfeld, however, did not 'feel any certitude', as he wrote his final Report, that the new supervising unions would do 'all that is required in the matter. The fact is that it is extremely difficult to find any unpaid workers in this Presidency who are content to do persistent

1. Prov.Co-op. Conf.Procs., 1923, Appx. p.49.

2. Rept., 1924, p.10.

and continuous detailed supervision and inspection of a kind which secures little applause or public recognition.¹

Guaranteeing unions had arisen as a result of the recommendations of the Maclagan Committee. There was one other important recommendation of the Maclagan Committee upon which Ewbank had acted much more slowly. It concerned the distribution of takkavi through and to societies. The Committee had believed that in times of scarcity short term loans under the Agriculturists' Loans Act should be made to societies and should be left to them to distribute.² The Committee claimed that minor government officials extracted so much by way of perquisites when distributing takkavi that villagers would sometimes prefer to borrow from co-operative societies, although the societies' rates of interest might be on paper considerably higher than the rate charged by Government.³ Similar arguments, the Committee thought, applied to long term loans under the Land Improvements Loans Act.⁴ Campbell, if he read the Maclagan Committee's Report, must have felt that his beliefs were at last being justified.

It was not, however, until the prospect of a considerable amount of freedom from Government of India surveillance began to open up in 1919 that Ewbank felt able to give the matter any concentrated thought. In March of that

1. Rept., 1923, p.11.

2. Maclagan Cttee. Rept., p.176, Recommendation No.201.

3. Ibid., p.117.

4. Ibid., p.176, Recommendation No.202.

year he informed Government that he believed co-operative society members should have the option of taking takkavi either from their society or from Revenue Department officers. He thought that no loans should be given under such a system for more than five years.¹ There was, however, no thought of merging takkavi in the general funds of co-operative societies; it was plain that each society would have to maintain separate accounts for general co-operative society funds and takkavi funds, and that some organization would have to be responsible for making elaborate checks before takkavi loans were granted.

Rothfeld did not entirely agree with Ewbank's proposals. He thought that few land improvements could be made within five years. Yet it was land improvements, rather than short term loans, which could never be made by co-operative methods alone. 'The only solution', in his opinion, was 'State aid'. He quoted the examples of France, Italy and Hungary.² Rothfeld belonged to the school of thought which believed that advances under the Agriculturists' Loans Act did more harm than good. Short term 'doles', he told the Agricultural Commission, merely 'touched the fringe of the problem', and, in fact, retarded the growth of the co-operative movement. Except in a few backward areas, he would

1. Ewbank to Govt. No.2373 of 3 March 1919, encl.Bom.R.D. Order No.3552 of 4 April 1919.

2. Rothfeld to Chief Sec., No.4304 of 5 May 1920. (Poona, T.A.G.4.)

limit the distribution of short term Government loans to famine years.¹ And, if a co-operative society existed in a village, there should be no alternative to applying to the society for a takkavi loan of any description. To some extent Rothfeld managed to persuade Chunilal Mehta and Government of the justice of his cause. In the rules which were framed in 1922, the emphasis was placed on loans for land improvement. In villages where there were co-operative societies, advances under the Land Improvements Loans Act would in future be made only through the agency of such societies. Government would place an annual allotment of three lakhs at the disposal of the Bombay Central Co-operative Bank, which would issue a loan on receipt of a certificate from the Registrar that the loan would be utilized for a valid purpose. Individual members of societies had to apply to their societies for takkavi; the societies in turn had to apply through their district banks to the Bombay Central Co-operative Bank.² The procedure had not been properly tested when Rothfeld gave up his position as Registrar.

Almost inevitably, another Registrar meant yet another round of examination and reorganization of the upper reaches of the finance of the movement. That they had

1. See especially Rothfeld, Evidence, R.C. on Agric., Mins. of Ev., Vol.II, pt.i, p.171.

2. See Bom. Prov. Banking Enquiry Cttee. Rept., Vol.I, p.85.

gradually been getting into a condition rightly criticized by the Manager of the Provincial Bank in strong terms can hardly be denied', Rothfeld wrote in his first Administration Report. But, said Rothfeld, Ewbank 'very correctly' had not wished to tie his successor to any decision taken just before the change took place. He had left the correspondence for Rothfeld to deal with together with 'valuable' notes.¹ None of Vaikunth Mehta's actual letters on the subject, or of Ewbank's and Rothfeld's notes, appear to have survived. But it may be taken that the substance, at least, of Mehta's submissions is contained in two editorial contributions which appeared in The Bombay Co-operative Quarterly in December 1919 and June 1920.²

The exact nature of the relations which should exist between the Central Bank in Bombay and the district banks, the first article began, remained undefined. The district banks were showing themselves to be unable to meet the requirements of the societies in their charge. 'The consensus of opinion, especially among rural co-operators, is that the results are in no degree commensurate with the energy spent on developing the new organizations. In some

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1. Rept., 1920, p.3. The 'Provincial Bank' referred to was, of course, the Bombay Central Co-operative Bank.
 2. 'Co-operative Finance in the Bombay Presidency', in B.C.Q., December 1919, pp.155-161; 'Provincial Co-operative Finance', in B.C.Q., June 1920, pp.16-25. Shri R.M.Talpade, the present editor of the B.C.Q. has assured the author that the first is by Shri Mehta; the second is little more than an elaboration of the first article.

of the districts which have local banks in their midst, complaints are rife that adequate capital is not collected, that much time is taken in sanctioning loans, that demands are put off for insufficient grounds, that no effort is made by the banks to entertain a field staff and that the management cannot ascertain the needs and difficulties of societies.... The delays of the original arrangements have only been slightly reduced'.¹ The suggestion was put forward that co-operative banks should be organized on a taluka rather than on a district basis.² In cases where men and capital were not available in taluka towns, 'branches of the provincial or district bank should be started, the former only in areas outside the jurisdiction of existing local banks'.³

Rothfeld spent most of February and March 1920 discussing these questions. He concluded that none of the district banks was in a position to finance all the societies in its district itself. They did not have the capital, and they were following too much Ewbank's injunction to the Poona Bank: to be 'economical about staff'.⁴ But at the same time Rothfeld felt that District Banks should be 'the main unit of finance', therefore, 'they must be strengthened and their share capital rapidly increased'. Until the district banks could finance all the societies in their districts the Central Bank in Bombay would continue to do direct business

1. B.C.Q., June 1920, pp.17-18.

2. B.C.Q., December 1919, p.157.

3. Ibid, p.158.

4. See above, Chapter VI.

with societies in areas not covered by district banks. Legal steps were taken to have the name 'Bombay Central Co-operative Bank' changed to the more accurate 'Bombay Provincial Co-operative Bank' - though these were not brought to a conclusion until 1923.¹ The 'likelihood of erecting efficient Taluka Banks in present conditions', Rothfeld wrote, 'seemed almost hopeless to all who knew the actual conditions of those small towns.'²

In spite of Rothfeld's desire to foster the activities of the district central banks, many of the significant developments at this time took place under the aegis of the Provincial Bank.

There was one particular facet of the old Nira Canal takkavi scheme which the Bank rapidly recognized as virtually essential in any scheme for the large scale financing of cash crops. This was the intimate connection between the provision of credit and the organization of supply and marketing, a connection provided by the Bank's branch and 'shop' at Baramati. 'Indigenous banking', stated one of the Bank's Annual Reports, 'has from times [sic] immemorial been conducted in India on a basis where the banker acts also as a trader and commission agent and agriculturists

1. Bank's evidence, Bom.Prov.Banking Enquiry Cttee. Rept., Vol.IV, p.429.

2. Rept., 1920, p.4.

understand this system.¹

Some lessons had been learnt on the Nira Canal - though perhaps not enough. From 1917 the Bank felt justified in beginning to set up more branches with shops, on the Baramati model, to serve the recently organized societies in the newly irrigated sugar-cane areas along the Godavari and Pravara Canals in Ahmadnagar District and in the South of Satara District. A branch was opened at Kopergaon in January 1917.² A branch at Islampur followed in 1920 and others at Belapur and Nira in 1923.³

The goal which the Bank had in mind was that of financing primary societies directly only in areas served by a branch.⁴ The limitation of the Bank's activities to a few wealthy areas made it possible to create a well-paid and well-trained staff to undertake the duties, which, in the original Nira Canal scheme, had been undertaken by the Special Mamlatdar. The Bank had now, apparently, built up enough of a reputation to be able to do without the official prestige which was normally attached to that personage. After a branch had been working for a year or two the Bank normally associated with it an 'Advisory Committee', which consisted of nominees of the Bank and elected representatives of the societies. The Advisory Committee's task was

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1. Fifteenth Annual Report of the Bombay Provincial Co-operative Bank, (for the year 1925-26). (Poona, B.P.C.B.)
 2. For this branch see V.L.Mehta to Rothfeld No.R.11/660 of 17 March 1922. (Poona, file cited.)
 3. See Map in Bank's Annual Rept. for 1925-26.
 4. Ibid.,p.7.

primarily to redress grievances - but it was definitely only advisory. Here, then, were the possible beginnings of a new system of finance, by-passing the district central banks, based on trained guidance from above, and acknowledging the democratic principles of Co-operation only to a limited extent.

The chief reason for this expansion of the Bank's activities was, of course, the opening up of new irrigation areas. Yet there was also a very definite feeling that boom times had come to stay and that rapid development was worthwhile financially. 'The year was remarkable for the prosperity of the trade and the exceptional prices realised for the jaggery', read the audit memorandum of the Bank's branch at Baramati for the year 1920-21. 'Naturally a remarkable decrease in the overdue arrears is also visible. The same have come down from Rs.1,19,080-4-9 to Rs.35,427-13-8.'¹ Malji came from Gujarat to look at the Nira Canal societies. The condition of the societies, he reported, was 'more or less enviable when compared with credit societies in other parts of the country.'² Many began to think that the troubles of the Nira Canal societies in the preceding decade had been caused simply by low prices.

Yet in the tracts newly financed by the Bank the old problem of arrears soon arose. As in the Nira Canal

1. Audit memo, Baramati Branch, B.P.C.B., year ending 31 March 1921. (Poona, B.P.C.B.)

2. Malji to Madan, Ag.Regr., 1 February 1922. (Poona, P.S.8.)

area, the societies had been started amongst cultivators who knew little about sugar-cane cultivation. The members of the societies under the branch at Kopargaoon had very recently been eking out a living in one of the worst famine zones of the Deccan. They were particularly backward, and the Bank insisted on having as many representatives on the Advisory Committee as the societies elected.¹ Though arrears continued to mount, it was realized that 'in a new area the suspension of credit may occasionally prove more injurious in its effect than useful, and therefore cannot always be very rigorously applied.'²

Fortunately, perhaps, the sum lent by the Bank through the Kopargaoon branch does not appear to have been very considerable when compared with the amount lent through the Baramati branch. At Baramati during 1925-26 Rs.19,79,400 was lent to twenty eight societies, but only Rs.4,27,200 was lent to twenty five societies under the Kopargaoon branch.³

To add to the Bank's problems in the irrigated areas, sugar prices, so easily assumed in 1920 and 1921 to be for ever rising, began to decline sharply towards the end

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1. See V.L.Mehta to Rothfeld No.R.12/377 of 9 October 1922. (Poona, B.P.C.B.) Also V.L.Mehta to Asst.Regr., C.D., 24 January 1921. (B.S.C.B., Regr.) The figures given in this letter for the total amount of arrears in the Godavari and Pravara Canals area have faded beyond recognition.
 2. V.L.Mehta to Rothfeld No.R.10/675 of 11 February 1921. (Poona, B.P.C.B.)
 3. See Map in Bank's Annual Rept. for 1925-26.

of the 1922-23 season. The Bank's new shop at Belapur in the Ahmadnagar District was particularly badly affected. The few traders who had been attracted to the town already had the upper hand, and they now rejected as broken as many lumps of gul as they possibly could. Vaikunth Mehta, however, had to agree that probably a good deal of the gul was not in first-class condition, produced as it was by agriculturists who were growing sugar-cane on a large scale for the first time.¹ At Islampur much of the stock of gul had not been sold by the middle of June, by which time the monsoon, which would cause the gul to deteriorate, had already set in.²

The Bank was not prepared to lose money on a large scale and, in fact, did not; the dividend paid during the years 1921 to 1923 was $7\frac{1}{2}$ per cent.³ There was, however, one area in which the Bank, as a measure of philanthropy, was prepared to lose money, though only on a comparatively small scale.⁴ This was the Bhil area of Panch Mahals.

The Bhil, Symington wrote in his classic report on the aboriginal and hill tribes of the Bombay Presidency, 'begins the cultivating season in debt and without ready money, and consequently he has to borrow to meet the cost of

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1. V.L.Mehta to Rothfeld, [no number or date given, but a D/O letter on the same subject is dated 17 September 1923.] (Poona, B.P.C.B.)
 2. V.L.Mehta to Rothfeld No.13/176 of 13 June 1923. (Poona, file cited.)
 3. Bank's Prospectus, 1923. (B.S.C.B., Regr.)
 4. Bank's Annual Rept. for 1925-26, p.16.

cultivation, to feed himself and his family for part of the year, and to get drunk occasionally. The sowcar is accommodating at this time of the year. You only have to ask in order to get Rs.5 for cloth, Rs.40 for bullocks, or Rs.2 for liquor. True, you may have to work on the sowcar's premises for a day or two without pay, but the chances are you will then get an extra rupee to get drunk with before going through the formality of affixing your thumb on the necessary promissory note; the contents of which are mercifully not revealed or pleasantly explained away. Cash is thus readily available in small doles to meet all the Bhil's immediate necessities, which are very few. The sowcar will also advance money for land revenue; and frequently, especially in Nawapur taluka, actually pays the Bhil's assessment himself at the taluka office.'¹ At harvest time, Symington reported, all the cash crops, and often much of the food crops, were taken by the saukar. 'One thing is certain... the Bhil Khatedar never sells his crop, but hands it over bodily in part payment of an inextinguishable debt'.² If the Bhil owed money to two or more saukars his crop was 'pounded upon' by a saukar's agent - often a Pathan - as soon as it was ripe.³

Four men were largely responsible for the extension of co-operative activity to the Bhil areas. There was

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1. D. Symington, Report on the Aboriginal and Hill Tribes of the Partially Excluded Areas in the Province of Bombay, (1939), p.6.
 2. Ibid., p.7.
 3. Ibid., p.12.

Vaikunth Mehta of the Provincial Bank, who sincerely desired it to engage in some really self-sacrificing work. There was Rothfeld, who had been an Assistant Collector in the area and hence knew its needs. There was D.A.Shah, the newly appointed Assistant Registrar for Gujarat, a gifted and devoted man, who, but for his health, would have been a member of the Indian Civil Service.¹ Finally, there was A.V.Thakkar, 'Thakkar Bapa', the engineer who had become a social worker, the Gandhian in the Servants of India Society, the father of the Bhil Seva Mandal and, indeed, of Hindu concern for the aboriginals.²

From the beginning, it was realized that an attack on the problem of the Bhils could not begin simply with one or two credit societies. Credit, purchase and sale facilities had to be supplied from the beginning. Such work could not possibly be done by the Bhils on their own. It was here that the Bank stepped in with its offer to open a branch at Dohad. To provide sufficient custom, fifty or sixty societies had to be organized all at once. 'You cannot start one society at a time and then add to it as time goes on', said Shah, when describing the work some years later.³

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1. Shah was a Bombay University Prizeman, and Ewbank considered himself very fortunate to have obtained his services as Auditor in 1918. See Bom.R.D.Order No.10364 of 21 October 1918. For his appointment as Asst.Regr., See Bom.R.D. Order No.1770 of 6 July 1921. Shah acted as Regr. and as a Collr. in the forties.
 2. For Thakkar, see Gujarat Research Society, Shri Thakkar Bapa Commemoration Volume, particularly the chapter by G.V.Mavlankar; see also Thakkar, The Problem of Aborigines in India.
 3. Shah, Prov.Co-op. Conf.Procs., 1929, p.46.

Both the Bank and Government were fairly generous in supplying supervisory staff, including a Special Mamlatdar. They soon found that staff even for the routine work would have to be supplied too. In spite of careful training,¹ the Bhil group secretaries could not handle the work. So three caste Hindus had to be employed as clerks at Dohad. 'The class of men who could do writing work well', wrote Shah truthfully, 'would not be able to do the field work, spend nights at Bhil villages and mix freely with the Bhils.'²

The Bank's 'branch' system was carried to its logical, 'frankly paternal',³ conclusion amongst the Bhils. Like the saukar, the Special Mamlatdar and the Manager of the Bank's branch had to 'practically... take charge of the whole life of the Bhils'.⁴ Arrangements had to be made to enable the branch to pay the assessments on behalf of the members of the societies. If the Bhils were allowed to pay it direct, claimed Rothfeld, they would be 'robbed on their way by the Savkars or their Pathan Bullies'.⁵ Perhaps, however, the Bank employed people whose task was not altogether unlike that of the 'Pathan Bullies' against whom Rothfeld delighted in crusading. Even the Bank found that the Bhils had to be 'goaded' into making repayments. It employed 'menial

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1. Shah to Madan, Regr., No.A.G.C. of 12 October 1923. (B.S.C.B., Regr.)
 2. Shah to Madan No.A.D.M./4 of 7-8 June 1924. (B.S.C.B., Asst. Regr., Surat.)
 3. Rept., 1927, p.19.
 4. Rept., 1928, p.21.
 5. Rothfeld to Collr. Panch Mahals No.A.G.C./109 of 21 April 1923. (B.S.C.B., Regr.)

servants' who went ahead of the Bank's Inspector and who stayed behind to see that orders were carried out.¹

The co-operative society had in fact completely taken the place of the saukar, the only difference being that its terms of business were strictly fair. Perhaps the term 'co-operative' could hardly be used to describe the system. But Symington, who saw it in action in the late thirties, believed it should be the model for the backward areas of the rest of the Presidency. 'The co-operative movement', he wrote, 'can never succeed in backward tracts unless it is so closely controlled as to cease to be truly co-operative.'²

Whatever the case in Panch Mahals, there was certainly one area in Gujarat at this time where the state of Co-operation was a delight to the co-operative purist. This was Olpad taluka of Surat district, amongst the Kadva patidars.

In 1919 there was a heavy slump in the price of cotton. Some cultivators in a few villages centred around Sonsek joined together, pooled their seed cotton, had it ginned, and sold it in loose bales on the market. They found that they thus obtained a better price for it than when they sold it individually. When the prices went up some of the villages dropped out of the pooling system. But Sonsek

1. Shah to Madan No. A.D.M./4 of 7-8 June 1924. (B.S.C.B., Asst. Regr., Surat.)

2. Symington, op.cit., p.51.

persisted, under the leadership of Purshottamdas Patel, the patidar with South African experience who had already built up the credit movement in the Olpad taluka.¹ 'From the beginning', D.A.Shah has written, 'Sonsek Pioneers² stood on their own legs. They did not even partially depend on the services of an officer loaned from the Co-operative Department or the central bank of the district, nor did they ask for any subsidy from either. Their whole staff was drawn from the agricultural classes, and some of them even carried on agricultural operations during the monsoon and attended to the societies' work during the off-season and other spare time. They had the sympathy of the Co-operative Department and of the central bank. But they had to face the opposition and ridicule of powerful vested cotton trade interests and the unconcealed antipathy of an important Department of government.'³ The cotton sale society which the thirteen Sonesk men set up in 1919 was registered in 1921. By 1924 it had a membership of 300, and there were several other sale societies nearby.⁴

1. See above, Chapter V.

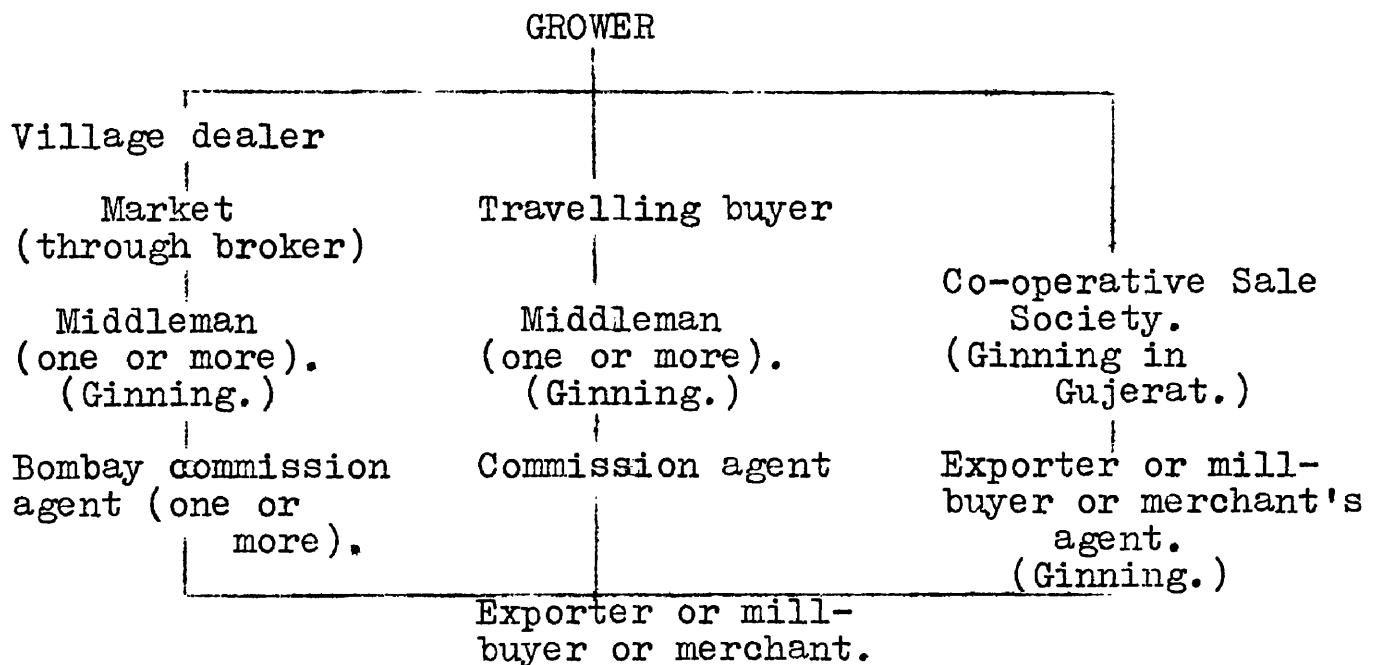
2. He is comparing them with the 'Rochdale Pioneers.'

3. D.A.Shah, 'Let us remember our own pioneers in time', in B.C.Q., March 1946, pp.159-160. The author has questioned Shri Shah on the exact nature of this 'Unconcealed antipathy'; he has been asked not to reveal at the present moment the details he has been given. Perhaps it will suffice to say that the Department concerned was not the Revenue Department, and that the antipathy was not brought about by the fact that the cotton sale societies had many Congress supporters in them.

4. Shah, 'Co-operative Cotton Sale in Gujerat', in Prov. Co-op. Conf. Procs., 1924, Appx. p.lviii.

It was very important that the cotton grown by the members of these societies should all be of the one strain, so that no sorting had to take place. It was some years before this particular problem was settled. When it was settled, however, the patidars were ready to tackle the next problem - the hostility of the owners of the ginning and pressing factories. In 1926 they organized their first ginning and pressing society. Finally, in 1930, the various cotton societies which had sprung up in Surat District organized themselves as the 'Southern Gujarat Co-operative Cotton Sale and Ginning Societies' Union.' A headquarters was set up in Surat with a highly paid management in touch with day-to-day fluctuations and with large buyers.¹

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1. It is interesting to follow the diagram of the various channels through which cotton could pass ~~through~~ from the grower to the mill-buyer, which is given in the Bom. Prov. Banking Enquiry Cttee. Rept., Vol.I, p.101. The elimination of 'middlemen', of course, does not always lessen costs.



What was the secret of the success of the cotton societies of Gujarat? Finance supplied by the Surat District Central Bank¹ and marketing contacts provided by the Bombay Provincial Co-operative Bank² played their part. Then, too, the societies were willing to pay for highly skilled management - even though that management came from amongst the patidars themselves. Another most important factor appears to have been caste solidarity and loyalty, and, in particular, the leadership within the caste of Purshottamdas Patel. The original Sonsek men stuck by their society, even though in the early years the prices realized by it were occasionally slightly lower than could have been obtained by individual sale.³ The Kadva patidars were, of course, reasonably well educated and fairly well off by the standards of the rest of the Presidency, though many of them worked in their own fields. They could afford to suffer slight losses in the cause of a future success which they could calculate with a fair degree of accuracy. It was this same prosperous solidarity amongst the patidars which Congress was able to make use of with such effect. But the most important reason for the success of the co-operative cotton societies in Gujarat was simply that Co-operation in this case was not something foreign to the cultivator, given by Government. Instead, Co-operation supplied a definite felt need; Co-oper-

1. See P.T.Parikh, A Brief History of the Co-operative Movement in the Surat District, p.85.

2. See Provincial Bank's Annual Rept., for 1925-26, p.13. (Poona, B.P.C.B.)

3. Information from Shri D.A.Shah.

ation, in fact, came almost naturally in the circumstances.

In an article published in Kesari in 1920, the perspicacious R.M. Sane gave his views on the progress of the movement in areas where, on the whole, it had not arisen spontaneously. The issue of Kesari in which Sane wrote his article¹ happened to be that in which the death of Tilak was announced and tributes paid to him; hence it was a widely read issue. In some co-operative circles Sane's article was considered to be 'sensational'.²

On the basis of the statistics of the numbers of new societies, Sane wrote, the movement appeared to be progressing. The accounts of societies often showed, on the surface, a profit. But when one went into the villages one found a different situation. A loan from a society had to be repaid within a fixed time. That being so, most members, Sane claimed, borrowed from money-lenders to pay their debts to the society. Two months later they would borrow from the society to pay the money-lender. But, said Sane, the peasant would pay as much interest on that two months' borrowings as he would pay to the society in a year.

Sane did not profess to be completely pessimistic about the prospects of co-operative societies, however. Very occasionally, he had come across villages which had genuinely benefited from a co-operative society. Such villages showed

1. Kesari, 3 August 1920.

2. See B.C.Q., September 1920, p.106.

what could be done. For one third of the farmers of India it was not worth while doing anything. But for the remaining two thirds something could be done. If the ryots themselves did not understand what was good for them, because they were illiterate, then the educated must help. Sane used the analogy of a doctor. If the doctor recommended a medicine, but the patient would not take it, the patient's relatives and friends had to consider it their duty to persuade - even to force - the patient to take the medicine. The same attitude was necessary so far as co-operative societies were concerned.

The old paternalistic attitude, similar to that of Chunilal Mehta, was manifesting itself.

Sane appeared to some to lose faith in co-operative societies soon after this article appeared.¹ This was not a completely correct impression. When he was appointed a representative of the societies on the Board of the Provincial Bank he took his duties very seriously, as the minutes of the Board's meetings show, frequently making the long journey to Bombay from Barsi. His extremely lucid and impartial mind enabled him to see the Bank's point of view and to successfully defend it against the blustering attacks of other mofussil men, such as G.K.Chitale.² But he was already an old man by Indian standards.

Sane died in 1925. There was to be little room for

1. See Devadhar, Prov.Co-op. Conf.Procs., 1925, p.5. See also V.S.Bhide, 'Memories and Recollections of an Old-Stager', in B.C.Q., April 1954, p.10.

2. See Prov.Co-op. Conf.Procs., 1921, p.47.

leaders of his type in the new India that was growing up.

What basis in fact had Sane's picture of the co-operative society member as one caught up in a vicious circle of borrowing here and paying there? The Bombay Co-operative Quarterly, though it joined with Sane in calling for an economic enquiry into these charges,¹ commented that such an enquiry probably would not reveal anything not already known to 'close students' of the movement. However, it felt that the days were certainly past when it was 'undesirable to uproot the tender plant again and again and examine whether its growth was healthy.'²

Rothfeld's examination of the plant tended to verify Sane's charges. 'Taking the Presidency as a whole',³ he wrote in his Report for 1923, 'it is believed that the annual expenditure in money, mainly borrowed, for current cultivation amounts to about Rs.25 to Rs.30 crores.' Rothfeld did not give any calculations to show how he arrived at this figure;⁴ the Bombay Provincial Banking Enquiry Committee, basing their calculations to some extent on 'reliable' data from the Department of Agriculture, came to the conclusion

1. B.C.Q., September 1920, p.75.

2. Ibid., p.106.

3. I.e. including Sind.

4. In 1922 he had estimated the total requirements at Rs.25 crores, again giving no calculation: see Rothfeld, 'Note on Indian Rural Finance: Remarks on the Note by Mr.Simcox. The 'Mr. Simcox' referred to is A.H.A. Simcox, Collr. Nasik - an opponent of the idea of co-operative societies. (Poona, T.A.G.6.)

that the total cash requirements of the Presidency as a whole in 1930 came to about Rs.32 $\frac{1}{2}$ crores.¹ Rothfeld knew that the total number of agriculturists in the Presidency was about two million. Of these, 208,000, or nearly eleven per cent., were members of credit societies. Even if only twenty crores were required by the agriculturists annually, the co-operative society members, supposing them to represent a fair cross-section of cultivators, would require two crores. In fact, however, many co-operative society members came from irrigated areas and other areas requiring large amounts of capital. Therefore they needed at least two and a half crores annually. The total amount lent to individuals by credit societies with unlimited liability in 1922-23 was Rs.1,15,03,380.² Rothfeld thus calculated that the cultivators who were members of co-operative societies were obtaining from the societies only a little over two fifths of what they required for current agricultural operations. They were still far from abandoning the saukar.³

Yet Rothfeld did not conclude that the solution in all areas was simply to provide more money for the co-operative movement. Even in 1921 he had 'strong doubts' about co-operative societies ever succeeding in the Deccan.⁴ He

1. Bom. Prov. Banking Enquiry Cttee. Rept., Vol.I.p.76.

2. Rept., 1923, p.48.

3. Ibid., p.8.

4. Rept., p.18.

felt, in fact, that in many cases where the cultivator's business was unprofitable the only solution was for him to sell his land and go and work in a factory in Bombay.¹ Rothfeld knew that this idea would be unpopular. But, he told the Provincial Conference of 1922, 'as far as I am concerned I consider the most serious enemies of the movement - far more serious than any joint stock banks - are Philanthropy and Sentimentality. There is far too much of a tendency to deplore the state of poor cultivators, of uneconomical cultivators, and in consequence there is a risk of giving them money which has been earned, hard-earned, by another man who is really economical.'² Rothfeld's final thoughts on the matter while he held the position of Registrar were these: 'I think that in the Deccan co-operative credit should not be the main instrument of co-operation but that greater reliance should be paid [sic] upon the consolidation of holdings, the spread of joint cultivation, and of the extension of co-operative sale and co-operative purchase of agricultural requisites.'³

Rothfeld's conclusions about the consolidation of holdings and the spread of joint cultivation were also those of Mann, the Director of Agriculture. Mann told the Royal

1. Rothfeld to D.A. Vichare, M.L.C., No.Misc. of 17-20 January 1921. (Poona, T.A.G.3.) See also Prov. Co-op.Conf. Procs., 1922, p.53.

2. Prov. Co-op. Conf. Procs., 1922, p.27.

3. R.C. on Agric. Mins. of Ev. Vol.II, pt.i, p.69.

Commission on Agriculture that it was his policy to try to organize the whole rural community on co-operative lines.¹

There were two distinct policies involved. One was simply co-operative consolidation; the other was co-operative farming with, on occasion, some surrender of interests in land.

Keatinge, as Director of Agriculture, had been greatly concerned about the fragmentation of holdings. In 1916 he had brought forward a draft of a bill, which was to be purely permissive, giving right-holders of an 'economic holding' the power to register it in the name of one of them. What was an 'economic holding' was to be defined by the Collector. Once the registration had been effected, partition or transfer to more than one person would be prohibited.²

According to Mann, Keatinge 'met with almost united opposition from almost every side.'³ But by the twenties the Punjab system of societies for the voluntary co-operative consolidation of holdings was meeting with some success.⁴ By 'consolidation' was meant simply the exchange of the considerable number of scattered fragments often held by one cultivator for a compact block or a few compact blocks. Mann

1. R.C. on Agric., Mins. of Ev. Vol.II, pt.i. p.69.

2. Keatinge to Ch. Sec. No.10457 of 11 November 1916. (Printed 'for official use.' Poona, Government Resolutions file.) See also Keatinge, Agricultural Progress in Western India, pp.63-88, 195-253.

3. Mann, Prov. Co-op.Conf. Procs., 1922, p.97.

4. See Darling, The Punjab Peasant in Prosperity and Debt, pp.240 et seq.; see also R.C. on Agric. Rept., pp.138-140.

felt very strongly that government efforts in this direction in Bombay would still be regarded with suspicion. But, he told the 1922 Provincial Co-operative Conference, 'if mutual consent is to be obtained by anybody that body is the Co-operative movement.'¹ In the voting at the Conference, Mann appeared to win the approval of the 'old Co-operators' present for his idea of making experiments, although judging from the fact that M.R. Tarkunde suddenly withdrew an amendment to the motion, at the behest of Sane,² there was probably, in fact, a good deal of division in the non-official ranks.

Rothfeld had 'very little faith in the voluntary method in this Presidency.'³ He believed that it was 'almost impossible to draw any inference from what has been achieved in the Punjab'. There was 'an extraordinary want of cohesion' in the villages of Bombay. In the Punjab, he said, there were 'very strong united communities although we have got such races as Sikhs and Mussalmans. Here we are all faced with divisions of interest from the Legislative Council ... down to the Village Panchayats.'⁴ But at the same time, Rothfeld believed that any interference with the Hindu system of inheritance would be politically unwise. He agreed with Mann⁵ that fragmentation, as it actually existed in the

1. Prov. Co-op. Conf. Procs., 1922, p.98.

2. Ibid., p.101.

3. Ibid., p.102.

4. Ibid., p.103.

5. Ibid., p.100.

villages, should be dealt with first; legislation should not at present be directed against future subdivision as a result of inheritance.¹

Societies for 'joint cultivation' were a much more radical proposal. These societies would be for those who agreed to pool all their labour, their implements, and, for a time, their interest in land. At the 1921 Provincial Co-operative Conference most of the leading delegates were politely non-committal about such societies, although according to the record of the Conference it 'unanimously' passed a Resolution recommending that experiments in joint cultivation be made.²

At the 1922 Conference, Mann reported in detail on the progress of his experiments. They had been made in two villages, Bhambora in Ahmadnagar District and Arjunsonda in Sholapur. The Bhambora society was based on the lease of land for ten years to a co-operative society with unlimited liability. The second experiment was based on the lease of land to what was, in effect, a limited company. It was the first experiment on which Mann dwelt at the Conference. The village chosen was one which had been deeply affected by famine. 'The credit of the people had gone....80 per cent. of their bullocks had died and the land was rapidly passing out of cultivation.' Mann claimed that the only alternative

1. Ibid., p.102. Cf. Rothfeld's evidence, R.C. on Agric., Mins. of Ev., Vol.II, pt.i, p.168.

2. Prov.Co-op. Conf, Procs., 1921, pp.55-57.

to the cultivators' abandoning their lands was to have such a society.¹ He was ready to admit that the task of organizing such a society was made easier because the villagers' credit had disappeared.

The society's bye-laws were fairly rigorous. No member could withdraw from the society if the land which he had brought in was essential to the continuation of the work of the society. Besides the Managing Committee there was a 'Committee of Control', consisting of two outsiders appointed by the Registrar.

The main difficulty was the suspicion of the people. They thought that the society might be a preliminary to taking away their land altogether. The only way round this problem was to enlist the help of local leaders: 'No amount of preaching by outsiders, 'Mann told the Conference, 'no amount of assurance by anyone else, but the men they knew well, would convince them.'²

In the first year the cultivators were allowed to work the land previously held by them; the society provided

1. Prov. Co-op. Conf. Procs., 1922, p.109.

2. Ibid., p.110. Mann was hardly an 'outsider' himself now: 'When I first worked among the potato growers of the Poona district, they listened but would do nothing. Only when I had been able to check potato moth, after guaranteeing them against financial loss if they used my method, was I able to get a hearing with regard to other matters. Now I can get men willing to test anything I recommend.'
(R.C. on Agric., Mins. of Ev., Vol.II, pt.i, p.6.)
The same methods were adopted by Mann's students.
(Information from N.V.Kanitkar.)

bullocks, ploughs and seeds out of funds totalling Rs.15,000 lent by the Bombay Provincial Co-operative Bank and the Ahmadnagar Famine Fund. The produce was divided into three parts. One part, subject to the payment of land revenue, was given to the owners. Another part was given to those who actually cultivated the land, and the third part went to the society for its provision of the means of cultivation. In the first year the society appeared to be making a good profit. Mann claimed that the cultivators had obtained, through the working of the society, cheaper credit than they could have expected before, bullocks and seeds without having to incur further debt, and better terms for the sale of produce than the saukars would have given.¹

Rothfeld was enthusiastic, and wanted to go even further. A Sub-committee of the Conference had recommended that 'the whole question of economic cultivation would be much simplified if co-operative farming could be extensively undertaken without interfering with actual ownership.'² Rothfeld was willing to agree to experiments along these lines. 'But I do not want it to be understood by this acquiescence' he added, 'that I, in any way, mean to express any personal preference for such methods of joint cultivation with actual ownership. I strongly believe in the possibility of Co-operative Farming Societies of lands not owned by

1. Prov.Co-op. Conf. Procs., 1922. pp.110-111.

2. Ibid., p.98.

cultivators.¹

Here, then was Rothfeld the socialist, due, in fact, to retire in a week's time. Such an utterance contrasted rather strangely with the caution of Rothfeld, the member of the Indian Civil Service, who at the same Conference spoke against interfering with the Hindu law of inheritance. The conflict between the two aspects of the man was always apparent.

How are we to sum up the administration of Rothfeld the Indian Civil Servant?

The terse comment of the Bombay Co-operative Quarterly when Rothfeld retired from the position of Registrar and from the I.C.S. is perhaps the most revealing of all. His 'vigorous personality', the paper commented, had left an impression on every field, 'with the possible exception of agricultural credit.'²

The most damaging figures are those of overdues. In 1920-21 they climbed from $8\frac{1}{4}$ to 18 lakhs.³ In 1921-22 they rose to $19\frac{1}{2}$ lakhs - thirteen per cent. of the working capital of the movement.⁴ At the end of March 1923 they amounted to 31 lakhs, or over eighteen per cent. of the working capital. Rothfeld claimed that these figures were 'somewhat confusing. In the first place as considerable

1. Ibid., p.102.

2. B.C.Q., December 1923, p.236.

3. Rept., 1921, p.8.

4. Rept., 1922, p.9.

efforts were made to recover the current demand punctually and to recover outstandings as well, the working capital was rapidly reduced by the recoveries during the last month in the financial year. Hence the overdues which bulk larger as percentages at the end of the year than if they were compared to the maximum capital in the winter.' Even so, the figures were 'alarming'.¹

Rothfeld had, in fact, issued a circular stating that overdues should be reduced by at least a half by the end of March 1923.² But there was much that circulars - which Calvert correctly saw as issuing from the Registrar's office in an ever-increasing stream - would not do. One of the offending areas was that irrigated by the new Godavari and Pravara Canals. 'It is respectfully suggested that this tract may also be visited by R.' [the Registrar], wrote Rothfeld's Personal Assistant by the side of a copy of a letter from Vaikunth Mehta to the Assistant Registrar, which was very obviously on the subject of overdues in that area. 'Justification?' Rothfeld wrote in his imperious hand underneath.³

Admittedly Rothfeld did not have the staff he wished for. There are complaints about 'retrenchement' even in his

1. Rept., 1923, p.9.

2. Rothfeld, Circular No. S.R.A.D.M. - 39 of 1922, printed in B.C.Q., March 1923, p.315.

3. V.L.Mehta to Asst Regr., C.D., No. R.10-B.C.C.B. of 24 January 1921. (Poona, B.P.C.B.)

Report for 1922.¹ Nevertheless he had a considerable number of men under him. The sanctioned strength of the superior staff of the Co-operative Department on 31 March 1923 was seven Assistant Registrars, two 'Special Auditors', thirty-seven Auditors and ten paid 'Organizers'. Of these, the appointments of one Assistant Registrar and two Organizers were held 'in abeyance' through lack of funds.²

Rothfeld indicated that the Banks must undertake some of the supervision work while this staff shortage persisted.³ At the same time, he believed that the staff of the Institute should be greatly increased if it was to engage in serious supervision work. For this, however, the funds of the Institute would need to be 'nearly doubled.' This implied a rise in the government grant to the Institute.⁴

Rothfeld undoubtedly realized what was happening to the movement. Comparatively few societies were organized during his last year as Registrar. Consolidation was required, he wrote - 'the internal state of the movement made this necessary.'⁵

Yet simply to realize what was happening was not enough. Rothfeld was a brilliant man. In a modern 'Planning

1. Rept., 1922, p.1. For the effect of Bombay's financial troubles on the movement after the Reforms scheme came into operation, see below, Chapter VIII.

2. Rept., 1923, p.1.

3. Rothfeld, Circular No.A.D.M./34 of 1923, 'Programme of Work for the Year 1923,' (B.S.C.B., Regr.)

4. Rept., 1923, p.33.

5. Ibid., p.6.

Commission' he would no doubt be a triumphant success. Yet the co-operative movement in the Bombay Presidency in the early twenties still needed the stolid, more conventional qualities of the average Indian Civil Servant, as well as ideas and an insistent pen. The co-operative movement still needed someone who was felt by members of societies in remote corners of the Presidency to be a real person, someone to turn to in times of trouble and also someone liable to descend at any time, someone, in fact, to be feared. If Ewbank laid too much emphasis on 'the humble village panchayat' Rothfeld did not give it enough of his attention.

VIII

R E A L I T Y

(1924 - 1930)

When Rothfeld left the Department it appeared to many people that there was 'hardly anything that could be suggested or attempted for years to come.'¹ Though the number of rural societies in Bombay and their membership increased by more than half between 1924 and 1930, and their working capital more than doubled,² there were no really important changes in the structure of the movement. The Provincial Bank, the District Banks, the Supervising Unions, the village societies - all remained. The Registrar, the Institute and the honorary organizers played, with some adjustments, more or less their accustomed rôles.¹ Yet it was during this period that the real weaknesses of the co-operative movement became fully apparent.

Three men held the post of Registrar during these seven years - two Indians and one Englishman. Janardan Madan was Registrar from 1923 to 1926; G.F.S. Collins³ during some of 1926 and much of 1927, and V.S. Bhide⁴ for the

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1. D.A. Shah, Obituary Notice of Sir Janardan Madan, B.C.Q., April 1957, p.261.
 2. The number of rural societies in the Bombay Presidency in 1924 was 3050; in 1930 it was 4779. Membership increased from 2,20,616 to 3,43,642; working capital of the rural societies from Rs.1,97,61,913 to Rs.4,10,06,469. Rept., 1924, pp.72-75 and Rept., 1930, pp.124-127.
 3. Godfrey Fernando Strafford Collins: Asst. Collr., Bom., 1912; Ag.Regr., 1926; Sec., Home Dept., 1929; Private Sec. to Govr., 1934; Commr., Sind, 1935; Sec., R.D., 1937; Adviser to Govr., 1942; K.C.I.E., 1945.
 4. Vithal Shivaram Bhide: Asst. Collr., Burma, 1915; Asst. Collr., Bom., 1919; Regr., 1927; Sec., R.D., 1939; Commr., 1942.

remainder of the period.

Madan had been carefully groomed for the position. He had already had a good fourteen years service as a Civilian, including three as senior Assistant Registrar. Like Rothfeld, he had been sent on a trip to England and Europe to study co-operation before taking over as Registrar.¹ Madan's position as Registrar has been described as 'both very difficult and very comfortable.'² His position was comfortable in that many major decisions had been made before he took charge, difficult in that he could not attract attention to himself, in the way that Rothfeld did, simply by making major decisions. Madan had to make his mark by hard, painstaking work on the details of administration. Perhaps he was assisted by the fact that he was an Indian. 'I can go and see him at his house, I can join him at tea and talk to him at any time without reserve', said G.K. Devadhar.³ On the other hand, Madan was capable of writing curt, often commanding notes to non-officials.

Madan went on to a distinguished career after he left the position of Registrar. But his successor, Collins, who held the post for just over a year, rapidly became convinced that the movement had been allowed to deteriorate and that vigorous measures were required. His opinions were perhaps not so much a reflection on Madan as on

1. See Bom. G.R.R.D. No. 6728 of 17 March 1923.

2. Shah, op.cit., p.261.

3. Prov. Co-op. Conf. Procs., 1925, p.113.

Rothfeld, however: he could note in his 1927 Report that in the area around Poona 'a large part of the arrears' dated back six or seven years.¹ It is possible to detect in his writings a certain British relish for the exposure of corruption and incompetence in India; in his administration he was inclined to hack mercilessly at a limb before he had had time to discover whether or not it was completely made up of dead wood. Nevertheless, he, more than anyone else, was responsible for pinpointing the undoubted faults of the movement.

V.S.Bhide was thoroughly Indian at heart; most of his friends, for instance, came from Poona Brahman circles. Yet, perhaps partly because he came after Collins, he too pursued a fairly ruthless policy.² But Bhide's policy was neither arbitrary nor inelastic. It definitely left room for development.

One factor which Bhide's policy did not and could not allow for was the final setting in, after the Wall Street collapse, of the disastrous economic depression. Economic conditions in the Presidency had been most unfavourable for some years; that prices could decline still further was almost unbelievable. Sugar prices had fallen in 1922-23, and

1. Rept., 1927. p.16.

2. Shri Bhide is still one of the co-operative movement's most penetrating critics; he has been described to the author as a 'cynic', though this is scarcely a just description.

had kept on falling. Cotton prices had fallen after 1925-26. The small farmer who had an economic holding but who cultivated it himself did not suffer as much at first as the farmer who employed labour: wages did not fall as rapidly as export prices. But by 1929 all who were connected with the land were deeply involved.¹

Throughout the period the Co-operative Department was dogged by sheer lack of funds. This state of affairs was not fundamentally the result of the depressed economic conditions of the Presidency. Rather, it was inherent in the system of finance which was introduced with the Reforms. Under the scheme drawn up by the Financial Relations Committee of the Government of India (the 'Meston Committee') during 1919 and 1920,² the provinces' main source of income was to be the Land Revenue. The central government was given control of Income Tax and Customs duties. Bombay's chief source of revenue was thus inherently inexpansive - or rather, it could not be expanded without running the risk of provoking a Bardoli. The Bombay Government was perfectly correct in claiming that the Presidency had been better off before the Reforms. Deficit budgets were necessary in 1921 and 1922,

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1. See Choksey, Economic Life in the Bombay Deccan, (1818-1939), p.156.
 2. For the Meston Settlement and Bombay, see Memorandum submitted by the G. of B., Indian Statutory Commission Evidence, Vol.VII, p.562 et seq., Statutory Commission Rept., P.P.1929-30 (3568); xi,1; Recommendations, P.P.1929-30 (3569); xi, 453; T.M.Joshi, Bombay Finance, (1921-1946), pp.21-39, 74-112; P.Thomas, The Growth of Federal Finance in India, pp.346-348.

and from 1925 until 1928, when the Bombay contribution to central government funds was remitted.¹

Under the Reforms scheme the Legislative Council had the right to reject a demand for a grant for a transferred department, and unless expenditure was required simply in order to keep the department in being, the Governor had no right to interfere.² With 'retrenchment' an absolute necessity, it is not very surprising that the Legislative Council sometimes decided to reject the demands for the Co-operative Department. The Council did the same to the demands of the Education and the Sanitary Departments. In spite of the fact that Bhide could claim that 'Almost all the members of the Legislative Council... are in one way or another connected with the Movement'³ - it was usually only a very tenuous connection - the benefits provided by the older established 'nation-building' departments were probably just as obvious to the average Council member as those provided by the Co-operative Department, if not more so. One thing was certain: co-operators now had to work through their representatives in the Legislative Council if they wanted the movement to have more government money. But they were not sure that they did want the movement to have more money, if that money was to be spent on more official staff.

The 1926 Annual Report, largely written by Madan,

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1. Joshi, op.cit., pp.74-75.
 2. Statutory Commission Rept., p.143.
 3. Rept., 1928, p.63.

stated that although there had been noticeable progress in every field the cost of the establishment had actually diminished. Before Madan left for his service with the Royal Commission on Agriculture he wrote to Government saying that it was only fair to his successor to request an increase in the superior staff. In the ordinary course, he said, he would have written to Government earlier. 'The fact is that at present the Registrar is over-worked.'¹ Madan had indeed been working extremely hard - too hard, perhaps, to be able to take stock of trends properly. Collins renewed the suit, and eventually obtained the sanction of the Secretariat for the appointment of a Deputy Registrar on Rs.700 per month and another Assistant Registrar.² But the Legislative Council persistently refused to sanction a grant for the post of Deputy Registrar.³

In his Report for 1928 Bhide produced a table giving Government expenditure per member of the societies in Bombay and in the other provinces for the year 1926-27. Bombay was far behind the Punjab and the Central Provinces.⁴ Staff were

1. Madan to Govt., No.S.R. ADM.-123 of 14 June 1926, encl. Bom. G.R.R.D. No.6768/24 of 10 October 1927.

2. Collins to Govt., No.S.R.ADM.-123 of 21 February 1927 encl. Bom.G.R.cited.

3. Repts., 1928, 1929, 1930, all at p.3.

4.

	Rs.	a.	P.
Madras		14	2
Bengal	1	0	0
Bombay	1	0	7
Punjab	1	11	9
Central Provinces	1	6	5
United Provinces		13	3

Rept., 1928, p.19.

required in the Central Provinces to repair a structure which had almost collapsed in the early twenties. But the figures for the Punjab, where there were no abnormal conditions, clearly show where the emphasis in fact lay in that province.¹ Bhide was probably largely justified in speaking, after retiring, of 'The Punjab School of Co-operation, with its emphasis on official direction and initiative'.²

'The Punjab School' had its representative on the Royal Commission on Agriculture in Hubert Calvert. It is very unlikely that he was responsible, possibly with Madan,³ one of the Secretaries of the Commission, for much of the section on co-operation in the final Report. 'If co-operation fails,' the Commission claimed, 'there will fail the best hope of rural India.'⁴ But the members of the Commission felt it necessary to recommend, 'for the immediate future, a continuance of official guidance and, to some extent, of official control'. They believed that 'every effort' should be made to build up 'a highly educated and

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1. Much of the money in the Punjab went on the employment of a large number of government 'Inspectors'. Auditors were employed by the non-official Punjab Co-operative Union, and largely paid by fees from societies; in practice they were under the government Inspectors. See Bhide to Govt. No.ADM. -135 of 29 August 1927, encl. Bom.G.R.R.D. No. 3818/24 of 22 February 1928. The Punjab's finances were not in such a parlous state as Bombay's largely, it would appear, because of the high receipts from irrigation dues. See Calvert, The Wealth and Welfare of the Punjab, p.415.
 2. Bhide, Obituary Notice of Sir Janardan Madan, B.C.Q., April 1957, p.252.
 3. See Bhide, loc.cit.
 4. R.C. on Agric. Rept., p.450.

well trained staff of officials' in all provinces.¹ Bhide used this recommendation as a text in his efforts to obtain more staff. The Agriculture Commission, he wrote in 1928, had given their 'authoritative opinion...and as a result of the detailed discussions that will take place with reference to their recommendations it is to be hoped that a comprehensive programme of State assistance to the Movement will be drawn up and a substantial portion of the State assistance will take [the] shape of an increase to the existing staff of the Department.'² But Bhide's hopes, which for a time were possibly genuinely high, were soon dashed. 'As things are, with the Co-operative Department's budget as it is,' growled Rothfeld from retirement, 'it is hypocrisy for Government, the Registrar, or anyone else to speak of his supervising societies. The plain fact is that he cannot do it with the staff allowed him. With a considerably smaller number of societies and about half the working capital five years ago I made it tolerably clear that I could no longer go on accepting any appreciable responsibility as Registrar for the guidance or at any rate the supervision of societies. If I were Registrar now, I should absolutely refuse to accept any at all, until the Legislature cared to pay for an adequate staff; take it or leave it!'¹

1. Ibid., p.451.

2. Rept., 1928, p.64.

3. Otto Rothfeld/he had changed the spelling of his name 7, 'Societies and their Supervision', in B.C.Q., June 1929, p.5.

Bhide eventually showed signs of adopting a policy somewhat along these lines. During 1930 Assistant Registrars were instructed virtually to cease registering new societies.¹ In the same year Bhide had an interview with the Governor at which he stressed the need for additional staff in the higher grades. But there was no thought of asking the Governor to intervene in Legislative Council affairs.²

If more staff could not be obtained the existing staff could at least be used to the best advantage. Madan, in particular, set high standards for his staff. The touring of Assistant Registrars was often 'spasmodic, without any regular plan', he complained in one of his 1925 circulars.³ More circulars to the Assistant Registrars followed on delayed replies to letters, incomplete diaries, and slackness generally.

Auditors, too, were the subject of some of Madan's caustic little notes. 'I find that Auditors usually spend several days at headquarters every month doing "office work." Usually there is very little office work for them'.⁴ Another circular reminded the Auditors that it was essential that the societies be audited in the village. 'It is very

1. Rept., 1930, p.15.

2. See Bhide to Asst. Private Sec. to Govr., D/O of 12 February 1930. (Poona, loose.)

3. Madan to all Asst. Regrs., Circular No.ADM. - 83 of 6-10 November 1925. (Poona, Sub-circulars.)

4. Madan to all Asst. Regrs. and Auditors. Circular No.ADM. - 83 of 21-25 November 1924. (Poona, file cited.)

necessary and desirable that the Auditor should sleep in the village and thus have an opportunity of meeting the members of the societies in the evening.'¹ Probably taking his cue from Madan, one rather loquacious Assistant Registrar told his Auditors to 'make the most of the immense opportunities² you get of acquainting yourselves with the village conditions.' But auditing was dull work, and for a townsman, away from home and family, the villages were dull places; no doubt many auditors regarded such efforts to inspire enthusiasm as somewhat naive.

Madan was the first Registrar to suggest that with the increasing proximity of societies the ratio of one auditor to a hundred societies was perhaps somewhat high. He also thought that the time had come when some of the older agricultural societies which had large amounts of capital might be called upon to pay at least part of the cost of their audit.³ It was left to Bhide to develop these suggestions. A new class of 'Sub-auditors' should be brought into being, Bhide believed; there need be no increase in the number of comparatively highly paid auditors - men whom Campbell, Ewbank and Rothfeld had felt to be so necessary. And although Ewbank, now back in Bombay after several years

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1. Madan to all Asst. Regrs. and Auditors, Circular No. ADM. - 83 of 8 May 1925. (Poona, file cited.)
 2. Asst. Regr., C.D., to Auditors, C.D., No. CLR. - 2 of 28 March 1924. (Poona, file cited.)
 3. Madan to Govt., No. EST. - 146 of 31 August 1925, encl. Bom. G.R.R.D. No. 4830/24 of 12 October 1925.

with the Government of India, advised against such a move, Bhide recommended that fees be charged from well established agricultural societies, in proportion to the amount of working capital, sufficient to cover a considerable part of the cost of the audit. Bhide was certain, however, that audit should continue to be conducted by government officials. 'In a Province which more than others has adopted the policy of conducting the movement by non-official agency, it is the ultimate, and in fact the only, form of control and supervision which the Registrar has over the societies.'¹

Bhide's suggestions on the subject of the grading of auditing staff do not seem to have been made reluctantly. He appears to have been convinced that, with the increasing numbers of university graduates becoming available, it would be possible to obtain lower paid men who could accomplish the work satisfactorily. Needless to say, Government were quick to accept Bhide's recommendations. They also accepted his scheme for the charging of audit fees. But the final clause of the Government Resolution on the subject no doubt caused a good many bitter thoughts: 'Government are unable to accept the suggestion that a part of the income realised from the audit fees should be earmarked for use in the form of a Government contribution to the co-operative movement.'²

1. Bhide to Govt., No.ADM. - 135 of 29 August 1927 encl.
Bom. G.R.R.D. No.3818/24 of 22 February 1928.
2. Bom. G.R. cited.

Official control over the movement had hitherto been exercised by means of the wide discretionary powers vested in the Registrar under the all-India Acts of 1904 and 1912.

'Take away or reduce the discretionary powers of the Registrar', Ewbank had said, 'and it at once becomes necessary to substitute statutory control for his general powers and to extend the Co-operative Societies Act by at least 100 more sections.'¹ Rothfeld, however, with a mind that was always yearning for precise definition, had not been daunted by this warning. The provisions of the 1912 Act, he believed, were 'rather vague,' or, as they were 'often called by some confusion of thought, simple.'² He decided that with the coming of the Reforms a new, provincial Act was required.

To attempt to define by means of legislation what had hitherto been chiefly defined by rules promulgated under the Act, and by pure convention, was to invite strong criticism from non-officials, both within and without the movement. Possibly Madan did not wish to proceed with the bill which Rothfeld appears to have drafted in 1922;³ certainly it did not reach the Legislative Council until July 1924. It was immediately condemned by The Bombay Chronicle for failing to take notice of 'the changed

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1. Ewbank to Govt. No.6318 of 22 May 1919, encl. Bom. R.D. Order No.14140 of 3 December 1919.
 2. Rothfeld, Note, 'Co-operative Jurisprudence', 1 September 1923. (B.S.C.B., Regr.)
 3. See Prov. Co-op.Conf. Procs., 1922, p.26. The author has not been permitted to see any files on the subject of the 1925 Act.

political outlook' in the Presidency.¹ The bill was referred to a Select committee, which reported in October. Much to the satisfaction of the Chronicle, this Committee recommended that any rules framed under the proposed new Act should be supplied to the Legislative Council, which would be called upon to express its approval by means of a Resolution. Apparently the officials on the Select Committee gave way to the non-officials on this point.²

The bill was referred to another Select Committee, and finally subjected to three days of minute examination by the legally minded members of the Legislative Council in July 1925. L.B. Bhopatkar, the Chairman of the Poona Central Co-operative Bank, took the lead in this examination. The non-officials wished to construct a complete system of boards of appeal, so that official decisions could be contested at all levels.³ But, as The Bombay Co-operative Quarterly wrote, 'In a council constituted as the present one is, Mr. Bhopatkar could not secure much support for his view that the framework of the law should undergo radical transformation, and hardly any amendments were moved with the definite object of associating the popular element with the administration of the law.'⁴

1. Bombay Chronicle, 10 July 1924.

2. See Bombay Chronicle, 10 October 1924.

3. For the Report of the Second Select Committee, see Bom. Legislative Council Procs., Vol.XV, Appx.C. For the Bill, see Procs., Vol.XV, 23-25 July 1925.

4. B.C.Q., September 1925, p.114.

When all was done, Madan could report that 'The Bill as finally passed differs very little from the one originally drafted by Mr. Rothfeld.'¹ The net effect of the Act was defined by Rothfeld when he was questioned by the Royal Commission on Agriculture. 'Has not Bombay gone further than any other Province in India in its legislative control over societies?' Calvert asked him. 'I suppose so', Rothfeld replied. But he immediately qualified his answer by saying: 'we have more definitely stated in our legislation the points where we consider that control by the Registrar must continue than any other Province has done, but we confine ourselves strictly to these.'²

Perhaps the most immediate effect of the new Act was a vast increase in the work of arbitration in the matter of the recovery of societies' dues. The 1925 Act provided for the appointment of three arbitrators instead of one if one of the parties so desired. The decision as to the number of arbitrators had previously been the Registrar's. Almost always, defaulters now opted for three arbitrators as part of their delaying tactics, knowing that it would be difficult to find three quickly. The number of honorary workers willing and fit to act as arbitrators, Collins claimed, was decreasing rapidly, and almost all the cases had to be

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1. Rept., 1925, p.37. The author has not been permitted to see any files on the subject of the 1925 Act.
 2. R.C. on Agric., Mins. of Ev., Vol.II, pt.i, pp.174-175.

assigned to government auditors. This meant a considerable increase in their work, and in the work of their immediate superiors, the Assistant Registrars.¹

The new Act also contained, perhaps as a compensatory measure, provision for the immediate reference to ^{the} Revenue Department of cases in which decisions had been reached. There was now no need for an application to be made to the Civil Court before the work of recovery could begin. This was a policy that was beginning to approach the 'summary recovery' which Campbell had yearned for in the early days. But as the depression deepened, Revenue Department officials were genuinely unable to handle all the cases - there were 12,133 in 1929.² Additional staff therefore had to be provided, at the societies' and the defaulters' expense.³

At such a time as the passing of the Act the rôle of ^{the} honorary organizers and the Institute naturally came into question.

In the earlier part of his career as Registrar Madan spoke in conventional terms about 'the policy consistently followed by Government to de-officialise the movement as far as possible.'⁴ Nevertheless he noted in his 1924

1. Rept., 1927, p.45.

2. Rept., 1929, p.60.

3. Rept., 1930, p.79.

4. Madan to Govt., No.EST.-127 of 18 September 1924 encl. Bom. G.R.R.D. No.2062/24 of 18 November 1924.

Report that there was 'probably not as much disposition to do honorary active work as there was at the commencement of the movement, as there are other interests which are found to be more absorbing.'¹ It was fairly obvious what 'other interests' were meant. In 1925, however, Madan claimed that 'some of the people who were till now engrossed in political affairs are beginning to take an active interest in the Movement'.² Though he criticized the Institute for not making enough efforts to enrol members,³ he was still inclined to think that honorary organizers performed a valuable service, especially considering the fact that their travel allowances had had to be cut again. 'It would be wrong to minimise, as is sometimes done in certain quarters, the importance of the work that they are capable of doing', he added.⁴ By 1926 he was ready to admit that it was possible that honorary organizers might at some future date be 'an anachronism.' It was necessary to find some means of keeping up their enthusiasm over a number of years. 'The logical policy is to strengthen non-official organizations like the institute and the Supervising Unions, and gradually to absorb in them the individual workers.'⁵

With Collins there came a decided reaction against

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1. Rept., 1924, p.40.
 2. Rept., 1925, p.39.
 3. Ibid., p.31.
 4. Ibid., p.2.
 5. Rept., 1926, p.3.

the Institute. 'The decrease of Honorary Organizers must depend on the increase of Supervising Unions and not on the strengthening of the Institute. The latter by its constitution has no legal authority, and therefore no power of supervision over the Societies which have joined it, and it is not a Union of Societies.'¹ Collins, in fact, appears to have been profoundly suspicious of some of the townsmen who were members of the Institute.

As if to confirm the policy of Collins, the Report of the Royal Commission on Agriculture, which appeared in 1928, stated boldly that 'To the failure to recognise the limitations inherent in the system of utilising honorary workers must be largely attributed the very serious defects in the movement'.²

It cannot be said that Bhide had any strong desire to work through non-official agency, although at first he was inclined to think that if more officials were not available, the appointment of more honorary organizers was the best method available of securing a modicum of supervision. Bhide consulted Ewbank on the question of the future of the Institute. Ewbank, to quote Bhide, was 'emphatically of opinion that the Institute cannot undertake supervision, and he goes so far as not to be in favour of District branches of the

1. Rept., 1927, p.3.

2. R.C. on Agric. Rept., p.451.

Institute, although he agrees that Divisional branches were necessary. He adds that it might be possible at some future stage to replace the Institute by a Provincial Union as a giant and final federation of Supervising Unions, and it could then be entrusted with supervision, and possibly even audit.' Bhide accepted Ewbank's opinion.¹

The grand edifice which Rothfeld had envisaged would now never be built. Rothfeld, writing from Spain to R.M. Talpade, the Institute's senior officer, fulminated against the direction the movement was taking: 'We have a very powerful and multiform enemy to fight; and we must throw our challenge down boldly.' The letter was published.² Rothfeld's attempts at intervention in the movement after he retired were doubtless intensely irritating to some people.

At the end of the decade, opinion, both official and non-official, was definitely swinging against the honorary organizers. A Karnatak correspondent of The Bombay Chronicle complained that 'Holiday lectures by those who think themselves superior beings' were of no use in taking 'the message of co-operation to the doors of the ryot.'³ The Karnatak was one of the centres of anti-Brahman feeling. Anti-Brahman feeling remained high in the Deccan, too. 'Now

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1. Bhide to Govt., No.ADM.- 135 of 29 August 1927, encl. Bom. G.R.R.D. No.3818/24 of 22 February 1928.
 2. Rothfiëld /Rothfeld/ to Talpade, 19 January 1930, published in B.C.Q., March 1930, pp.214-215.
 3. A Co-operator, 'Co-operation in the Karnatak', in Bombay Chronicle, 2 April 1929.

if I want to stand for a [sic] membership they would not take me', complained G.K. Chitale, a retired Brahman honorary organizer.¹ In 1929 there came the now almost inevitable government demand that the number of Brahman honorary organizers should be reduced. We have definite evidence on this occasion. It would appear, in fact, that Government rejected the first list of district honorary organizers that Bhide submitted in response to their demands. In his final list 'only a few Brahmin names' appeared, 'particularly of those who have up to this time distinguished themselves by their work and have proved very useful to the movement. It would be a great loss to lose their services and their names have accordingly been included.' 'I am not making any remarks regarding Taluka Honorary Organisers', Bhide continued, 'as the powers of appointing and removing them have been delegated to me.' Nevertheless, in the revised list of assistant honorary organizers for the Central Division there were twenty Marathas and only four Brahmins.²

In his 1930 Report Bhide stated that he now believed that in some parts of the Presidency, at least, the money spent on travel allowances for honorary organizers could probably be better spent in other ways.³ The co-operative movement was now not attracting as honorary workers men of

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1. Chitale, Evidence, Bom.Prov. Banking Enquiry Cttee. Rept., Vol.II, p.403.
 2. Bhide to Govt., No.EST. - 74 of 20 September 1929, encl. Bom. G.R.R.D. No.517-A of 7 October 1929.
 3. Rept., 1930, p.4.

the same calibre and status as were drawn into it in the early days. He pointed to the fact that the Institute was now recruiting very few members, and those they did recruit did not take the same interest in the work as the older members. 'The cry for more and more deofficialization of the Movement is raised every now and then, but very few people are now coming forward to accept responsibility for the efficient conduct of the various types of institutions. Honorary agency is of course the very foundation of the Movement and is welcomed everywhere, but we certainly do not want honorary agency of a type which undertakes an important piece of work today, does it half-heartedly for some time and moves on to something else leaving the institutions concerned to take care of themselves as best they can.'¹

Bhide was having to write this of a movement which at one time had held the interest of men such as Sane and Devadhar, Khandubhai Desai and Ambashankar Malji.

Both Collins and Bhide planned to give to the supervising unions the work that had been done by the honorary organizers. But the success achieved by the supervising unions was, in the somewhat ironic words of a Committee which examined their work in 1933, 'commensurate with the resources available.'² The pivot of the union organization was the paid supervisor. It had been hoped, in 1924, that

1. Ibid., p.81.

2. Report of the Bombay Co-operative Supervision Committee, 1933, p.7.

the supervising unions would be self-supporting after three years,¹ but many failed to achieve this aim. The pay proposed for a supervisor at the beginning was Rs.40 to Rs.60 a month.² Actually, most unions seem to have paid a sum in the region of Rs.35 to Rs.40. The result in 1933, a depression year, when positions were particularly difficult to obtain, was that out of the 122 supervisors in the Presidency only fourteen had received any university education. Even of those, nine had passed none of the co-operative diploma examinations which the Institute had been conducting. The number of supervisors who had passed the Matriculation examination was forty seven,³ of whom only 28 have passed the test prescribed for appointment to [a] supervisor's post and three are lent by the Co-operative Department.³

Qualified men were sometimes available, however, though their services were not utilized. According to strict co-operative theory, Bhide wrote in his Report for 1930, the selection of supervisors ought to be left to the supervising union itself. Yet to give the supervising union these powers was to make 'opportunities for sheer jobbery on an extensive scale.'⁴ Bhide had been quite definite for some years that 'Representatives of the rural societies on the Union Board

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1. Madan to V.L.Mehta, [official, but part of letter containing number is rat-eaten], 26-31 January 1925.(B.S.C.B., Regr.)
 2. Madan to Govt., EST. - 127 of 18 September 1924, encl. Bom.G.R.R.D. No.2062/24 of 18 November 1924.
 3. Supervision Cttee. Rept., p.17.
 4. Rept., 1930, p.43.

of Management are hardly likely to make a proper choice.'¹ When it came to village life Bhide was a man of no illusions. He decided to set up 'District Supervision Boards' to review the work of the supervisors. These consisted of the Assistant Registrar of the Division, a representative of the Institute and a representative of the financing institution. But in spite of these Boards there were instances in 1930 of 'Unions insisting upon the appointment of incompetent and untrained persons mainly for local, personal and factious reason.'²

Bhide had a plan under which primary societies would compulsorily contribute to a provincial supervision fund at a flat rate of one half per cent. of their working capital. He also hoped for the creation of a provincial cadre of supervisors.³ But there were protests from the wealthy districts at the idea of their supporting co-operative work in the poorer districts.⁴ As a compromise, it was agreed that funds should be pooled within each district.⁵

The problem of supervision remained in 1930. But at least the nature of the problem was clear. Madan, who chaired the Bombay Provincial Banking Enquiry Committee in 1929, and whose opinions had probably changed a little in the three

1. Rept., 1928, p.37.

2. Rept., 1930, loc.cit.

3. Bhide's speech, Prov. Co-op. Conf. Procs., 1929, p.61.
See also A.U.Malji's speech, ibid., p.52.

4. Ibid., pp.55-59.

5. Ibid., pp.61 ff.

years since he had been Registrar, put the problem succinctly into words: 'The whole point is this. The Movement is based on democratic principles.... But our people in the villages are not yet literate enough or competent enough to work a democratic institution and especially so when it deals with large amounts of money; and the society goes bad because the generality of members are not able to control the actions of the men at the top. If the members themselves are unable to control it, there must be some one else...who would be able to control it when necessity arises; and if that is necessary...what kind of control should it be?'¹

There was, of course, one kind of control which under certain conditions could have been extremely effective. This was control by the financing institution. Rothfeld, in one of his commentaries from afar, underlined the point that he had made at the end of his career as Registrar - that, in the absence of other agencies, the district banks should take an increasing part in supervision activities.² But his was very much a lone voice. Why was there this reluctance in the co-operative movement to adopt the type of control which was both normal and reasonably effective in the everyday commercial world?

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1. Madan, questioning Bhide, Bom.Prov. Banking Enquiry Cttee., Evidence, Vol.II, p.259.
 2. Rothfeld, /Rothfeld/, 'Societies and their Supervision', in B.C.Q., June 1929, p.4.

The chief reason had been given by Ewbank: the townsmen who ran the banks were out of touch with the rural societies. The district banks, furthermore, simply did not wish to pay for the staff which would keep them in touch with the societies. Only the Provincial Bank had an adequate, properly trained and well paid staff. 'Many of the District Banks', Collins complained in 1927, 'are paying dividends of 8, 9 and 10 per cent. while their outdoor staff is neglected.'¹ The district banks were able to do this simply because much of the money which they obtained as deposits was never used for making loans to societies. Instead, it was reinvested in the Provincial Bank in Bombay. In 1924 the Karnatak Central Bank, by far the largest district bank and by far the worst offender, put approximately thirty nine lakhs on deposit with the Provincial Bank and gave out as loans to societies twenty six lakhs. Its expenditure on 'Establishment and Contingencies' was a mere Rs.14,796. (The Poona District Bank, with roughly two lakhs on loan to societies, paid Rs.17,893 for its staff.)² In 1927 the

1. Rept., 1927, p.35.

2. Rept., 1924, pp.100-101. The figures given under 'loans to Provincial and Central Banks' in this table covers, in the case of district banks, only loans to the Provincial Bank; loans to other district (central) banks were not permitted. See Madan, Note, 'Investment of surpluses of District Central Banks', 24 March 1924. (B.S.C.B., Regr.) Although it was apparently contemplated, both in this note and in Circular No.B.C.B. - 21 of 14 April 1924, that district banks should be permitted to make direct deposits in commercial banks, judging from the tables in the Annual Reports, such deposits were rarely made.

Karnatak Central Bank's deposits with the Provincial Bank reached the extremely high figure of Rs.1,01,90,630; it gave loans amounting to Rs.14,96,831 and its staff expenses came to Rs.22,342.¹ The Provincial Bank, in turn, sometimes had to deposit such funds with trading banks because it did not always have a sufficient outlet for investment in the co-operative sphere. The amount of interest which these deposits earned was often little more than that which the Provincial Bank paid the district banks.

The situation first caused real concern in 1924. At the beginning of that year the Provincial Bank had about 43½ lakhs on loan to co-operative banks and societies, nearly sixteen lakhs invested in government securities and thirty six lakhs on fixed deposit with commercial banks.² The Bank's investments in the co-operative movement were only a little over what they had been three years before.³ 'It is an absurd position', Vaikunth Mehta wrote to Madan, 'for a Bank like ours to drain away money from the mofussil for being deposited in commercial banks.'⁴ Certainly, it was hardly for this purpose that the Bank had been set up. At the same time, it was not good policy to refuse deposits; they were 'the result of the confidence built up after years

1. Rept., 1927, pp.114-115.

2. V.L.Mehta, Note for Board of B.P.C.B., 15 January 1924. (B.S.C.B., Regr.)

3. Mehta to Madan, D/O of 4 March 1924. (B.S.C.B., file cited.)

4. Mehta to Madan, D/O of 15 January 1924. (B.S.C.B., file cited.)

of steady work on the part of this Bank and Central Banks.¹

Actually, the increase in deposits was also the result of a gradual decrease in the interest rate on government borrowings. The co-operative banks had now begun to attract the larger investor.² Deposits continued to flow in during the later twenties, as they had done at the time of the 1918-19 famine, largely because of the decrease of investment opportunities caused by the contraction of trade.³ This very fact, of course, is an indication of the strong and increasing connections of the district banks with the trading and money-lending classes. These organizations were in peril of becoming completely unco-operative, as some cotton sale societies in the Karnatak became: 'The merchant members become the enemies of the society when its business begins to extend and they find their own business curtailed.'⁴

In spite of the general lowering of interest rates with the onset of the depression district central banks and rural societies persisted in paying high rates of interest on fixed deposits. In some cases, Collins wrote, they still paid 'the same rates of interest as they had been paying during the War or immediately after the War when the rate of interest on Government securities was over 6 per cent.

1. Mehta, Note for Board cited.

2. See Audit Memo. of B.P.C.B. for 1924-25. (Poona, B.P.C.B.)

3. Rept., 1927, p.6.

4. Ibid., p.24.

Rural Managing Committee members are afraid of losing their deposits if they lower the rates of interest, and the directors of Central and urban banks are proud and gratified to see the large funds pouring into their banks. The law of supply and demand is not fully understood.¹ It was certainly an extraordinary situation.

Some district banks, of course, worked closely with the Department. When Collins sent out a circular in which he went so far as to 'direct' an interest rate on deposits of no more than $6\frac{1}{4}$ per cent.,² these banks fell into line. But some did not. 'One sometimes feels', Bhide wrote, 'that the principle of internal autonomy has been allowed to proceed too far and it would have been much better if a certain measure of departmental control had been retained over Central Banks.' Under Clause 12 in the Agreement with the Secretary of State the Provincial Bank's loans had to be sanctioned by the Registrar. But the Registrar had no such control over the loans of the district central banks. Where the district banks were dependent to some extent on the Provincial Bank for finance the existence of this clause enabled the Registrar to bring some indirect pressure to bear on them.³ But the offending banks were usually the

1. Rept., 1927, pp.6-7.

2. Collins, Circular No.A.G.C.42 of 18 June 1927. (Poona, Circulars, 1916-1930.)

3. Bhide to Govt., No.359/2 of 22 December 1928. (Poona, B.P.C.B.)

wealthier ones, which had no need of funds from the Provincial Bank.

Such difficulties with the district banks led Collins to reverse Rothfeld's policy of developing these organizations. Instead, he encouraged the Provincial Bank to open up more branches, chiefly in wealthy but largely unirrigated districts such as West Khandesh - a district which the Provincial Bank financed directly.

Madan had been keen on the conversion of branches of the Provincial Bank, with their 'Advisory Committees', into independent 'Purchase and Sale Unions'. The Canal areas might be a special case, but he was definitely opposed to the Provincial Bank exercising in unirrigated areas the same sort of control as it had in the canal areas. 'Nothing must be done which would in any way sap the independence and sense of responsibility of these societies.'¹ This was the authentic voice of the enthusiast for co-operation. But Collins appears to have had little time for such democratic notions. In fact, when the Pravara Canal societies demanded a fully independent Purchase and Sale Union and the Bank proposed to meet them half way, Collins rejected the idea outright.²

It was 'the belief of the Department', Collins wrote, that the work done by the branches of the Provincial

1. Madan to V.L. Mehta, No.359/2 of 30 November 1925.
(Poona, B.P.C.B.)

2. Collins to A.C.Desai, Asst. Regr., Bombay City, No.359/2 of 11 April 1927. (Poona, file cited.)

Bank in 'facilitating the operations of primary societies, in providing more adequate and prompt finance, in developing up-country banking and in setting to other central banks the example of maintaining direct touch with affiliated societies, is perhaps the greatest force in the present progress of the movement.'¹ Bhide thought similarly: 'The proof of the pudding is in the eating,' he told the Banking Enquiry Committee, 'and the eating has been very good so far.'² There was, however, one vital factor which inhibited the indefinite expansion of the Provincial Bank's system. A large well trained staff cost a great deal of money. By its agreement with the Secretary of State, the Bank was forbidden to make loans at more than eight per cent. Four per cent. interest had to be paid to debenture holders. Shareholders normally had to be paid a dividend of around $7\frac{1}{2}$ per cent.; depositors normally expected six per cent. By comparison, the expenses of maintaining the Bank's staff - about $2\frac{1}{2}$ to three per cent. on loans made - were extremely high. Lalubhai Samaldas virtually admitted this in reply to the rigorous questioning of the indigenous bankers' representative on the Banking Enquiry Committee. But, he said, 'we are doing business which other banks do not do. As the Chairman of the Co-operative Bank, I like

1. Rept., 1927, pp.31-32.

2. Bhide, Evidence, Bom.Prov. Banking Enquiry Rept., Vol.II, p. 267.

the bank to spend money so that it may be in direct touch with the agriculturists.¹

If Rothfeld's policy on district banks was openly reversed by his successors, his policy on other more unusual, and possibly more important, subjects was quietly forgotten, particularly during the régimes of Collins and Bhide. To a large extent, of course, this neglect was understandable. As Rothfeld's basic administration was shown to be somewhat unsound his more unorthodox ideas were naturally put out of mind. There were financial and staffing problems too, and the existing forms of co-operation were creating problems enough. One suspects, also, that, at the level of the Secretariat, the task of maintaining, in the face of an increasingly bitter nationalism, what A.D. Gorwala has called 'the security state',² was taking up the time of most of the best minds.

Rothfeld's distinction between existing fragmentation of holdings and future subdivision had been rather a fine one; it was perhaps partly for this reason that the bill on the subject of consolidation which Rothfeld had been chiefly responsible for framing, and which apparently was still circulating in 1926,³ was eventually dropped. Another

1. Lalubhai Samaldas, questioned by H.V.Desai, Bom.Prov. Banking Enquiry Cttee. Rept., Vol.II, p.26.

2. A.D.Gorwala, The Role of the Administrator: Past, Present and Future, pp.4-5.

3. Rothfeld, Evidence, R.C. on Agric., Mins. of Ev., Vol.II, pt.i, p.168.

reason, perhaps, was the departure from Bombay politics of the bill's chief protagonist in the Legislative Council, the Liberal Chunilal Mehta.

Co-operative farming fared no better than co-operative consolidation. Madan's first Report, that for 1924, spoke of 'bad management' in the two joint cultivation societies at Bhambora and Arjunsonda.¹ In the following year the Bhambora society was cancelled.² It is unfortunate that no records relating to these failures appear to have survived. Harold Mann, in his wide-ranging final report as Director of Agriculture, written in 1927, spoke of his conviction that in the task of 'rural reconstruction' 'it is not one man or one department which is concerned'. Rural reconstruction involved, amongst other things, 'the consolidation of holdings', 'the communal or co-operative holding of implements', and 'the organization of purchase of supplies and sale of produce'.³ But Mann no longer spoke of the ultimate form of co-operation, co-operative farming. Collins had little sympathy for co-operative farming. Joint farming societies, he wrote in his departmental report for 1927, submitted at about the same time as Mann's, were 'not likely to succeed in the present state of education and co-operative development'.⁴

1. Rept., 1924, p.17.

2. Rept., 1925, p.15.

3. Annual Report of the Department of Agriculture in the Bombay Presidency, 1926-27, p.21.

4. Rept., 1927, p.27.

Collins was fundamentally sympathetic towards Rothfeld's policy of distributing takkavi through societies: 'As regards the merits of the system there can be no doubt.'¹ But the fact was that the delays inherent in Rothfeld's system had, Collins said, 'disheartened people in some areas, and there are some societies and even district banks and Collectors who will favour a return [to the old system] unless a speedier method of operation can be devised.' Applications had to go not only to the society itself and its central bank, but also 'to local officers of the Co-operative or Agricultural Departments, often to the Deputy Director of Agriculture and invariably to the Assistant Registrar and the Registrar of Co-operative Societies.' None of these officers had the time for the work. Yet the banks, receiving only nominal remuneration for handling the distribution of takkavi, could not fairly be expected to undertake the work of dealing with applications. At least the revenue authorities had their own 'on the spot' agency - 'ill-equipped though it may be.' Of the Rs.3,50,000 allotted by Government annually from 1923-24 for Land Improvement Loans through co-operative societies, no more than Rs. 2,09,570 was ever taken up in one year; in 1928-29 only Rs.50,097 was taken up.²

1. Ibid.

2. Bom. Prov. Banking Enquiry Cttee. Rept., Vol.I, p.86.

With co-operatives so obviously not a suitable channel for the distribution of long term government loans it was not surprising that the approach of Government to a scheme for co-operative land mortgage banks was said by some to be 'extremely half hearted'.¹

The question of the supply of long term credit by private organizations had been shelved since the Provincial Bank's failure to get most of its debentures taken up. Rothfeld had considered that the supply of long term credit was essentially a function of the State. But Madan was brought to a re-consideration of the subject by the growth of the large surplus of funds which could not be used within the co-operative movement. 'I think the kind of society which will absorb and usefully absorb a large amount of capital is the Land Mortgage Bank', he wrote to Vaikunth Mehta in 1924. He was 'going through some literature on the subject', but did not yet have 'any detailed plans.'²

During the next two years Madan worked on his scheme. He eventually realized, as others had realized before him, that it was impossible to finance long term loans for purposes of debt redemption by means of short term capital. By 1926 he had come to the conclusion that 'it would be

1. B.F.Madon, Chairman's speech at Annual General Meeting of B.P.C.B., 1927. (Poona, B.P.C.B.)
See also Madon's speech at 1928 Annual General Meeting, in Bombay Chronicle, 20 June 1928.
2. Madan to V.L.Mehta, D/O of 18 January 1924. (B.S.C.B., Regr.)

desirable to have separate institutions for doing this long term business, and that it would not be proper to entrust this work to existing organizations^{except} at the top where...I propose that the Provincial Bank should undertake the work of floating debentures and make itself financially responsible for their repayment.¹

The Provincial Bank saw here the opportunity of getting rid of its old, unsold debentures. It was impossible, however, to place them on the market except at a large discount. The Bank began looking to Government for help. At first they obtained no response, but eventually, probably to the surprise of many, the Government of Bombay decided to take up two lakhs of the debentures, at a discount which 'would not involve Government in any loss.'² The Land Mortgage Department of the Provincial Bank came into existence in August 1929, and three co-operative land mortgage banks were set up, at Broach, Dharwar, and Pachora in Khandesh. Each bank was given the services of a government Land Valuation Officer.

The setting up of these banks came at a time when the full effects of the depression were being felt. Their business was therefore very limited. By 1933 there had been only 181 borrowers from all three banks, and overdues were

1. Madan to Govt., No.A.G.C. - 151 of 18 May 1926, encl. Bom. G.R.R.D. No. 6576/24 of 26 September 1927.

2. Report of the Bombay Land Mortgage Committee, 1934, p.2.

forty per cent. of the demand. The Land Mortgage Department of the Provincial Bank had suffered a paper loss of Rs.15,000. Constitutional defects had been discovered in the land mortgage banks, too. Only borrowers or intending borrowers were eligible for membership; consequently, in unfavourable years the Boards of these banks did not bring much pressure on the borrowers to secure repayment.¹

It was perhaps fortunate that the activities of the early land mortgage banks were so limited, and that lessons were learnt without too much money being lost. The Bombay Committee which investigated the problem of Land Mortgage in 1933-34 spoke of 'simmering discontent' in the rural areas, caused by the effects of the depression. 'Political parties', the Committee claimed, 'anxious to take advantage of the situation, have the provision of Land Mortgage Credit with State assistance as the main plank of their programme'.² The Committee probably exaggerated when it said that Land Mortgage Credit was the 'main plank' of political programmes at this time. Nevertheless, the stimulus provided by political discontent, and by the lessons learnt in the working of the early banks, did lead eventually to the formation of successful co-operative land mortgage banks. This was a considerable achievement. Even today, India provides 'The only examples of successful

1. Ibid., pp.3-4.

2. Ibid., p.6.

mortgage banks amongst economically backward people'.¹ Such banks, it is worth remembering, have a history which goes back, by a somewhat devious route, at least as far as Wedderburn.

The need to find some outlet for surplus funds had first prompted Madan to broach the subject of co-operative land mortgage banks. It was the same need which brought about Madan's decision to begin to expand the credit movement again. For about a year he had continued the policy of consolidation which had been followed by Rothfeld in the last months of his régime. But during 1925 and 1926 he began to accept a fairly large number of new registrations. In 1926 the number of agricultural societies went up from 3,377 to 3,868, an increase of 491, as against 327 and 181 in the previous two years.² Madan took care, however, to encourage the formation of new societies only in prosperous districts like East and West Khandesh. Very few new societies were registered in the famine districts of the Deccan.³ When the extension of the Nira Canal into Sholapur District was contemplated in 1924 Madan wrote to Vaikunth Mehta emphasizing his wish that the Bank and the Institute should organize

1. Sheila Gorst, Co-operative Organization in Tropical Countries: A study of co-operative development in non-self-governing territories under United Kingdom Administration, (1959), p.250.

2. Rept., 1926, p.7.

3. Ibid., p.6.

societies and carry out propaganda at least two years before the water became available.¹ He was determined to avoid a repetition of the troubles of the societies on the part of the Nira Canal which had already been opened.

It cannot be said that Madan was negligent in his attitude to arrears. As soon as he became Registrar he gave orders to all auditors and district banks to submit to him a monthly account of the progress they were making in reducing unauthorized arrears. The statistics of unauthorized arrears - arrears which had not been authorized as 'extensions' by the committees of the societies - came down from 20 per cent. of the amount due for repayment in 1922-23 to 19.6 per cent. in 1923-24, 17.8 per cent. in 1924-25, and 14 per cent. in 1925-26.² To some extent, at least, these figures must be a reflection of Madan's energetic touring, his attention to detail, and his ceaseless exhortation.

Yet Collins, when he became Registrar, felt it necessary to look very critically at the state of arrears and the state of the movement generally. His report for 1927 is in some ways similar to Haigh's report for 1915. It is essentially the work of an able and efficient outsider, with no long-standing attachments to the co-operative movement, who knew that his appointment was merely a temporary one, but who was determined to make his mark in all that he did.

1. Madan to Mehta, No.SRMX/1079 of 6-10 April 1924.(B.S.C.B., Regr.)

2. Undated Note on Arrears, [c. 1932?]. (Poona, loose.)

According to Collins's 1927 Report, co-operation might appear to be flourishing in East and West Khandesh, but in both districts there was 'a noticeable desire on the part of the members to run before they can walk.' Arrears were very heavy in East Khandesh, and, Collins claimed, payments had been 'deliberately withheld' by co-operative society members. The Karanatak was still 'the main centre of co-operative activity'. But in Dharwar, 'enthusiasm has waned, the leading members have discovered that Government control is not as extensive as they imagined, and there is often open defiance and violation of bye-laws. Added to which has been the introduction of party strife which has been spreading all over the Karnatic.'¹

Collins concentrated his attention on the Deccan. There, he thought, apart from South Satara, the movement was 'in a sorry state'. In Poona District, including the Nira Canal area, the proportion of the amount due for collection which was made up of unauthorized arrears in July 1927 was eighty one per cent., according to Collins's calculations. In the area close to Poona city it was becoming obvious that many of the defaulting members had 'no intention of paying of their own accord.... Pleaders are employed to resist the liquidator's orders, every means is employed to dispose of the lands and crops before they can be attached, and there is a general combination to prevent bidding when they are

1. Rept., 1927, pp.9-10.

put up to auction.'¹ That it had become necessary to put up for auction the crops and lands of co-operative society members was a sad reflection on the state of the movement. Yet ignominious liquidations were to a considerable extent the result of over-generous financing in the earlier years, and lack of supervision - both official and non-official - in more recent times. Many of the societies about Poona city, such as the one-time showpiece, Hadapsar society, had been financed chiefly through the labours of the Servants of India Society, and G.K. Devadhar in particular. By the twenties Devadhar had too many enthusiasms to be really effective in all things.

Collins believed that the position in the canal areas was even more serious than in the dry areas of the Deccan. The immediate cause of the problem there, he admitted, was the fall in the price of gul; 'but the real and lasting cause is the lack of responsibility and a disinclination to repay which is common to other Deccan Societies.'² As prices fell the members began to 'wriggle out of' bringing their gul to the Bank's shop, and, during the 1926-27 season, sepoy^s had to be employed to watch them at harvest time so that they would honour their agreement to bring all their produce to the financing agency.³ It is possible that the

1. Ibid., p.16.

2. Ibid., p.17.

3. Ibid., p.18.

ryots vaguely felt that there were too many Brahmans connected with the Bank's shop. A prominent cultivator in the Godavari Canal area explained to a Special Mamlatdar that he had not sent his carts of gul to the Bank's shop because of 'exceptional circumstances'. 'I take it', the Special Mamlatdar wrote, 'that these carts were sent only to patronize a shop opened by an influential Mahratta on this side.' However, under the influence of the local supervising union, the Special Mamlatdar claimed, with an air of confidence, 'things will come to a normal level next year'. Unfortunately, the chairman of the supervising union happened to be the offender himself.¹

Collins began to despair of co-operatives ever succeeding in the canal areas. In such circumstances it was not unnatural to examine the alternatives to co-operation. By August 1927 he had reached the conclusion that 'the correct system of finance for Canal areas is one of land banks in each area for the big cultivators.' When such banks had been formed 'it would be possible to have co-operative societies for the ordinary cultivators if the circumstances showed there was a demand for them.'² The wheel had almost come full circle. Agricultural banks had been rejected in favour of co-operative societies; now co-operative societies were being rejected in favour of a form of agricultural bank.

1. R.W.Potnis, Special Mamlatdar, Belapur, to V.L.Mehta, No.399 of 1 July 1926. (Poona, B.P.C.B.)

2. Collins to B.F.Madon, Chairman, B.P.C.B., No.240 of 10 August 1927. (B.S.C.B., Regr.)

Collins fairly obviously had not considered all the correspondence of fifteen and twenty years before on the financing of the canal areas. His conclusions were a somewhat ironic commentary on an almost insoluble problem.

To some extent Bhide continued Collins's general policy. Registration of societies in the Deccan ceased altogether in 1928.¹ A policy of 'weeding out' the bad members in all societies was followed. The aim was to have societies with memberships no larger than fifty. 'A scale of about 10 per cent. of the population of the village might be a safe standard for the present', Bhide thought.² There was obviously to be no attempt to cater for the whole village in existing circumstances. Those who simply would not pay their dues, regardless of the character of the season, 'must clearly be taught a lesson and be made to feel the full rigour of the coercive processes.' Societies were everywhere being 'encouraged freely to refer bad cases to arbitration.'³ Bhide was 'not at all sorry' that as a result of his policy the all round rate of increase in 1928-29 showed a considerable fall.⁴

Yet the policy of liquidation and of 'weeding out' had a negative, tragic air about it. This is exemplified in Bhide's comments on the societies around Poona originally

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1. Rept., 1928, p.8.
 2. Ibid., p.12.
 3. Ibid., p.61.
 4. Rept., 1929, p.8.

sponsored by the Servants of India Society: 'A number of pensioners and other middle-class folk in Poona City invested the greater part of their savings in these societies by way of deposits.... In my first year as Registrar, some of these disillusioned, needy depositors used to come to me regularly and make enquiries as to when they were to get back their money. My replies could only be dim and discouraging.'¹

Congress were naturally not slow to take advantage of the discontent caused by arbitration and liquidation proceedings. Gandhi had lost all interest in the government sponsored co-operative movement: 'I am engaged in running the greatest co-operative society that the world has ever seen.'² After the floods in North Gujarat in 1927 Vallabhbhai Patel and Narhari Parikh showed signs of commencing an agitation against government policy on co-operatives in that area. To enforce the recovery of arrears after such a calamity was, they felt, completely unjust. Narhari Parikh sent a letter to The National Herald on the subject.³ But Shah, the capable Assistant Registrar in Surat, and Vaikunth Mehta, visited Patel and apparently managed to smooth matters over.⁴ It was not so easy to smooth over agitation about co-operative societies in Bardoli taluka,

1. Bhide, 'Memories and Reflections of an Old-Stager', in B.C.Q., April 1954, pp.8-9.

2. Bombay Co-operative News, April 1925, p.24. The Bombay Co-operative News was an ephemeral monthly published by the Institute.

3. The author has been unable to see a file of this paper.

4. See Shah to Mehta, D/O of 3 October 1927, and Mehta's draft reply. (B.S.C.B., Asst. Repr., Surat.)

the scene of Congress's most concentrated efforts. 'Government have devised makeshifts in the shape of Co-operative Credit Societies', wrote a Congress worker in the poorer, southern part of that taluka. 'They may at best offer them ^[the ryots] money at moderate interest and tempt them to run into more debt. They cannot give them any relief. If it can at all be given, it can be given by the Charka and by taking away the temptation of Drink.'¹

Co-operation in the Matar taluka of Kaira District came under Congress fire at the end of the decade. The Matar taluka was poorly drained, and inhabited more by backward Dharalas than by patidars. It was therefore hardly a typical Gujarat taluka. In 1918 it had been the subject of an investigation by a Servants of India Society group led by G.K.Devadhar. This committee appears to have spent only a few days making their 'survey', but this was long enough for them to recommend concentrated co-operative activity in the area.² Their recommendations, unfortunately, were heeded. By 1928 the unauthorized arrears in the taluka amounted to 1½ lakhs - seventy per cent. of the amount demanded.³ The Assistant Registrar for Gujarat thought that the situation called for the 'early cancellation' of many

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1. Extract from Young India, 24 March 1927, originally published in Gujarati in Navajivan, quoted Mahadev Desai, Gandhiji in Indian Villages, p.349.
 2. G.K. Devadhar, A.V.Thakkar and N.M.Joshi, Report of an Inquiry into the Agricultural Situation in Matar Taluka in the District of Kaira, 1918, p.15.
 3. G.H.Desai, Personal Asst. to Regr., Note, 4 May 1928. (Poona, Matar Taluka.)

societies. 'Any attempt in that direction will, however, be utilised by the critics of the movement to hold it up to the public eye as a measure of oppression.'¹ Action was postponed until 1929. When it was taken, co-operatives, as prophesied, were immediately condemned as oppressive. Vallabhbhai Patel, Narhari Parikh and Mahadev Desai were members of a committee led by J.C. Kumarappa which 'investigated' economic conditions in Matar taluka. Co-operation was condemned for its 'lack of principle', its 'want of human touch', its 'lack of expedition'.² The powers of the honorary organizer as arbitrator were criticized because they were 'beyond the protection of the Civil Court.'³ Two 'addresses', obviously Congress-inspired, were quoted. One had been presented to Wilson, the Governor of Bombay, when he had visited the taluka. 'The co-operative society movement,' it read, 'which stands for a great principle and holds out a promise of making this world a much better place for all to live in, has proved itself, to us at least, a veritable curse of the Gods.'⁴ An address presented when Irwin, the Viceroy, paid a visit included this passage: 'The co-operative movement has on the whole proved a bane to this taluka and instead of diminishing our indebtedness

1. S.G.Almoula, Asst. Regr., Surat, No.A.G.C. of 15 April 1928, below No.51 of 29 February 1928 from Reserve Auditor, Matar. (Poona, file cited.)

2. J.C.Kumarappa, (Director), A Survey of Matar Taluka (Kaira District), 1931, p.99.

3. Ibid., p.103.

4. Ibid., p.100.

has contributed to it in great measure.¹

If the co-operative movement was not to produce more and more bitterness, and possibly die a painful death, some constructive thinking had to be done.

One of those who played a significant part in constructive developments at the end of the twenties, particularly during Bhide's régime, was Gunvantrai Desai, the Registrar's Personal Assistant. Towards the end of Collins's period a series of letters passed between Desai and Vaikunth Mehta on the problem of the maintenance of 'fluid resource' in primary societies. At the time of the examination of the MacLagan Committee's recommendations Ewbank and Mehta had not felt this to be a serious problem.² Mehta had now been forced to change his ideas. 'If central and urban banks receiving deposits, which may not be more than Rs.40,000, are compelled to provide fluid resources at their own expense,' he wrote to Desai, 'I fail to see why agricultural primary societies holding much larger deposits should escape all liability in the matter.' The financing agencies and the Registrar should assess the fluid resource provision necessary for each society and the financing agencies should be paid a commission by the societies for guaranteeing to provide cover up to the limit fixed.³ Desai, however, felt

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1. Ibid pp.101. It would be interesting to discover Mahadev Desai's real opinions on the co-operative movement at this time; those connected with the Navajivan Trust today can throw little light on the subject, however.
 2. See above, Chapter VI.
 3. V.L.Mehta to Gunvantrai Desai, D/O of 10 May 1927. (B.S.C.B., Regr.) An earlier official letter, No.R.17/140 of 29 April 1927, does not appear to have survived.

that difficulties over the repayment of deposits had arisen not because societies had made no provision for fluid resource, but simply because the societies had borrowed beyond their capacity to repay. 'This is really what happened in societies in Sholapur and round about Poona. We have to provide against such contingencies.' According to Desai this could only be done by 'fixing maximum and normal credits in every case, and prohibiting all borrowings in excess of this amount either from Central Banks or private depositors including even members' deposits.'¹

Mehta and Desai were agreed on the necessity for maximum and normal credits. The idea went back as far as the MacLagan Committee,² and the resulting guaranteeing unions.³ But with the failure of the guaranteeing unions, the system of maximum and normal credits continued in operation, in a revised form, only in the societies directly financed by the Provincial Bank. Under the Provincial Bank's system, the general meeting of the society each year fixed in advance the extent of credit which it was prepared to give each individual member. The Bank would then examine the resulting 'normal credit statement', and, in the light of its own information, decide on the maximum credit which it was prepared to give the society. The system was introduced, Vaikunth Mehta wrote,

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1. Desai to Mehta, D/O of 5 May 1927. (B.S.C.B., file cited.)
 - 2, See MacLagan Cttee. Rept., pp.38, 62.
 3. See above, Chapter VI.

'not only to provide prompt and adequate finance, but also to see that all such finance as is provided is given under proper safeguards and after due inquiry. It is not an uncommon experience to find the office bearers appropriating large portions of a society's funds themselves'.¹ But there was a loophole for societies in the system as it existed. Any amount of money could be obtained by local deposits which the financing agency and the Registrar had no control over, as in the Poona area. Hence Desai's insistence in 1927 that all types of borrowings beyond the societies' 'maximum credits' should be prohibited.

It was the system of maximum and normal credits which Bhide, presumably acting on Desai's advice, proposed to make the basis of a reorganized co-operative movement. This system, Bhide hoped, would eliminate complaints about both under-financing and over-financing. 'I am afraid primary societies and banks at present follow no systematic policy', Bhide wrote, 'and are inclined alternatively to stop finance altogether (almost as a result of panic) and grant it too freely as soon as the outlook appears promising.... The preparation of reliable normal credit statements and accurate forecast statements are most essential steps and every attempt is being made to extend their application. It is only when societies clearly understand and act on these principles that we shall get a really reliable set of data

1. Mehta to Madan, D/O of 20 November 1924. (B.S.C.B. file cited.)

which may form the basis of valid conclusions. At present unfortunately the societies and banks follow a more or less arbitrary policy and the figures of overdues etc. give anything but an accurate picture of the real state of things especially on an unsuitable date like the end of the financial year.¹

It was so easy to be misled by statistics. Bhide rapidly realized that one of the chief effects of Collins's stern policy on arrears was that sums of money which had hitherto been classed as 'authorized extensions' were simply transferred to another column - 'unauthorized arrears.' The result had been that the figures of unauthorized arrears in 1926-27 had leapt suddenly from fourteen per cent. to twenty nine per cent. of the amount due for repayment.² So while Bhide continued to be 'not at all sorry', in the style of the ultra-efficient Civilian, about the increase in arbitration and liquidation proceedings, at the same time, somewhat more quietly, he began to take a more reasoned attitude to the problem of arrears.

In a telling passage in his 1928 Report Bhide pointed out that co-operative society arrears could not be seen in isolation. In the Central Division, (roughly, the Deccan), Land Revenue and Takkavi collections, as well as co-opera-

1. Rept., 1928, p.17.

2. Undated Note on Arrears, [c.1932?]. (Poona, loose.)

tive society collections, were considerably reduced. During 1926-27, 'in spite of the existence of the best possible Government agency for collection work, Government only collected 86.5 per cent. of the Land Revenue and 87 per cent. of the Tagavi Demand'. Furthermore, 'the Land Revenue Demand can roughly be satisfied by disposing of about 20 per cent. or less of the gross produce of the year, while for the liquidation of the societies' dues anything between 70 per cent. to 80 per cent. of the balance remaining after paying Land Revenue may have to be disposed of.' It was hardly a matter of surprise, therefore, that the cultivator did not show 'excessive eagerness' to pay the co-operative society's dues fully, especially in a bad year, and especially when official supervision was in places almost 'non-existent.'¹

In his 1929 Report Bhide showed that out of 4,317 agricultural credit societies as many as 1,647 had no overdue arrears whatsoever. There were 490 societies with unauthorized arrears of less than ten per cent. of the demand, which Bhide considered to be 'almost negligible'. This was not an unfair statement: the percentage of unauthorized arrears during the latter years of Ewbank's period, for instance, had varied between seven and eight per cent.² Thus in 1929 there were 2,317 societies - almost half the total number - in which arrears were not at all serious. Furthermore the bad societies were concentrated in a few districts,

1. Rept., 1928, p.18.

2. Undated Note on Arrears cited.

which were either famine districts or regions where, as in the Canal areas, 'widespread calamity' had overtaken the cultivators. But even here the position was being gradually improved.¹ After a visit to the Canal areas in December 1928 Bhide put forward detailed proposals for future activity. The terms on which fresh finance would be made available were slightly liberalized, and the Bank's Senior Inspector was given more freedom to act without continual reference to the Registrar in person.² In some way or another, Bhide realized - even if co-operative societies were perhaps not the best way of financing the larger cultivators, even if some of the cultivators should not be growing sugarcane at all - in some way or another, the credit cycle had to be set going again.

'The main structure of the co-operative movement is quite sound', Bhide claimed in his Report for 1929.³ Bhide was correct in his assertion. There had been no large scale failure and there was not going to be one. The way was slowly being prepared, in fact, for a new advance as soon as money and staff became available. But Bhide was sure that it would be an advance primarily under the auspices of the State.

Few thought in 1929 that the economic depression which had set in about 1922-23 in some industries would

1. Rept., 1929, pp.18-19.

2. Rept., 1929, p.41.

3. Ibid., p.19.

deepen still further. But it did, so that all cultivators - not only the growers of sugar cane and cotton - suffered on the average a forty to fifty per cent. drop in returns.¹ It appeared to some that all the Government of Bombay could do in such circumstances was to stand aside and allow 'ordinary economic forces' to take their course. 'Without going into details', Vaikunth Mehta said bitterly in 1942, 'I shall make bold to assert that, apart from India, there was scarcely any progressive country in the world, with a pre-dominant rural economy, which did not go to the aid of the agricultural community by adopting measures for the lightening of the burden of debt....Protective measures through legislative enactments were, no doubt, taken in some provinces; but the bulk of these came late, with the advent of provincial autonomy in 1937.... In no part of India was any financial aid given in time to enable organized responsible credit agencies such as co-operative societies to facilitate the process of the scaling down of debts, the reduction of interest or the conversion of short term into long term liabilities.'²

Vaikunth Mehta had perhaps obtained too favourable an impression of the world outside India. The approach of many governments in the primary producing countries of the world - Australia and New Zealand for example - to the problems created by the depression, can be called, at least

1. V.L.Mehta, A Plea for Planning in Co-operation, p.2.

2. Ibid.

in these post-Keynesian days, 'unoriginal' and 'uninspiring'. Few governments had ever been required to tackle a continuing economic crisis of such magnitude.

With a reduced official staff and a very limited field of operations the co-operative movement managed to remain in existence in Bombay, in its essentials, during the thirties. The number of societies suffered a slight drop between 1930 and 1937. But when, after war-time affluence had made it possible to see the depression in perspective, when, in 1946, Vaikunth Mehta himself became Minister of Finance in a Congress Government of Bombay, it was found that the lessons of the 'dyarchical', unprosperous twenties and thirties, had been learnt well. In particular, by 1946, the State, while insisting on extensive control of the co-operative movement as a matter of course, was now prepared to combine with this control a considerable measure of financial assistance.

C O N C L U S I O N

At first sight, the historian of India in the late nineteenth and early twentieth centuries would appear to be dealing with events which occurred within the boundaries of what might be called the statistical era. Yet the statistics, we have seen, are apt to be very misleading. Co-operative societies may increase in number but not in quality; membership similarly. The figures of loans given may increase, but arrears may increase more rapidly. The total working capital of the movement may increase on paper, but the same funds may be included twice or even thrice in the addition. Again, much of an apparent increase in total working capital may be made up of funds which are not utilized in the movement. Various estimates of the total indebtedness of the Presidency may be made, but the material on which these estimates are made is never given in detail. We do not even have any extensive and reliable statistics on the subject of the transfer of land from agriculturists to non-agriculturists. Yet it was on the assumption that large-scale transfers of this nature were taking place, and had to be stopped, that the co-operative movement was founded.

Some of the most vital questions must remain unanswered because the survey of the economic effects of the co-operative movement which Sane and others demanded in the

twenties was never undertaken. We cannot tell with any degree of accuracy, for instance, what classes patronised co-operative societies the most. All one has to go on is some occasional talk about 'the man with the economic holding', a man who seems to have been neither very big nor very small, who probably employed some seasonal labour but who frequently worked in the fields himself, a man, perhaps, who produced more for the market than he did for himself. We do not really know what classes ultimately benefited from the co-operative movement - the Marxist claim is that a co-operative movement in a non-socialist economy 'largely and objectively' serves the interest of 'capitalist elements'.¹ Certainly in Bombay in the twenties many of the shareholders in district central banks came from the very capitalist classes which Rothfeld, at least, believed that the co-operative movement was designed to eliminate.

To attempt to answer the admittedly important question of whether or not co-operative societies did in fact effectively compete with the saukar is also to enter the realms of speculation. It certainly appears that credit societies could not successfully compete with the money-lenders in parts of Gujarat, notably Kaira District, where the rates were as low as six per cent. But the Surat cotton sale societies normally found that it paid to compete with

1. See, e.g., Mihailo Vučkovič, A Century of Yugoslav Co-operation, Belgrade, 1956, p.13.

the type of money-lender who was also a trader. In other parts of the Presidency the saukars' interest rates were higher than they were in Gujarat. On paper, the societies' rates - in 1929, $9\frac{3}{8}$ to $12\frac{1}{2}$ per cent.¹ - were lower than those of the saukars, as these were calculated by the Bombay Banking Enquiry Committee. This Committee claimed that 'the most usual rates charged by sowcars' were 18 per cent. in the famine tracts of the Deccan and the Karnatak, and 24 per cent. in the aboriginal tracts.² The Committee's Report offers no clue as to how they arrived at their conclusions. But, as Campbell realized in the early days of the movement, the money-lender rarely expected to get back his principal. His rates were therefore not as high as they appeared to be at first sight. Another factor which has to be taken into account when considering the real cost of co-operative loans is the cost of government supervision. If this had been charged to societies the interest rate on loans in 1928-29 would have risen by at least one per cent;³ if Bhide had had his way the real costs would have risen even more. On the other hand, the saukar had the government courts at his disposal. On a priori grounds, of course, it would seem unlikely that many co-operative societies could thrive for very long beside a saukar who offered better value. The

1. Lalubhai Samaldas, Evidence, Bom.Prov. Banking Enquiry Rept., Vol. II, p.24.

2. Ibid., Vol.I, p.55.

3. Government spent Rs.6,03,479 on the movement in 1928-29, (Rept., 1929, p.5.) The total amount given in loans to individuals by agricultural and non-agricultural societies excluding central banks, was Rs.4,81,59,999. (Rept., 1929, pp.108,124.)

Indian peasant may often be illiterate, but he is not completely naïve as a man of business. But the main objection to this whole line of argument is that the co-operative society so often provided not an alternative to dealings with the saukar, but merely an addition to them.

Significant conclusions, then, cannot be extracted from the statistics. But even if reliable statistics were available it is doubtful whether one would seek one's main conclusions in such realms. The most important feature of the co-operative movement in Bombay was the perpetual controversy between officials and non-officials over the control of the movement. Co-operation was given to the ryots of India, and of Bombay in particular, not because they asked for it but because the 'Guardians', to use Philip Mason's phrase, thought it would be good for them. In the institution of the official Registrar, actively fostering societies, there was, whether the Guardians liked it or not, the nucleus of a whole apparatus of State control. Yet, partly because of lack of money, and partly because of a genuine desire to use the co-operative movement for fostering what were considered to be the virtues of 'self-help' and of democracy, the aim of the State in the first twenty years of the movement's existence was always, professedly, to prepare the movement for eventual self-control. One must say 'professedly' because even in the early days the British administrator sometimes had his doubts as to whether the

movement could ever control itself with efficiency and without a large increase in corruption.

Nevertheless, in the early years in Bombay, the non-official side of the movement was emphasized to a far greater extent than in most other provinces. The honorary organizers undoubtedly helped to break down the natural suspicion which the Indian masses felt towards a new scheme of government; they built up new relationships with each other and with their British rulers. Dr. Tinker has suggested that the 'Colonial' period in Indian history 'will be seen, eventually, as a partnership; its keynote not British achievement or Indian nationalism but a partnership between Indians and British'.¹ The story of the co-operative movement in Bombay in the years before about 1918 appears at first sight to bear out this theory. And yet, partly because of the increase in caste animosities and in political activity in the twenties the non-official side of the movement eventually became a rather innocuous appendage, for which Collins and Bhide, as representatives of Government, had little time.

Of course, it is easy to be slightly cynical about the honorary workers. It should not be forgotten that India is not the only country where, after a time, voluntary workers have been liable to become bored with their task. For this reason, if for no other, the tendency in many spheres of activity, in the West as well as in India, has

1. Hugh Tinker, '1857 and 1957: The Mutiny and Modern India', in International Affairs, January 1958, p.59.

been towards the replacement of voluntary workers, useful at first but fundamentally unreliable, by full time paid staff.

The honorary workers in Bombay, particularly the members of the Institute, felt that the apparent rejection of their services in the later twenties meant that the co-operative movement was no longer as democratic as it had been. To some extent they were right. Yet, insofar as the British aimed at fostering democracy in and through the co-operative movement they aimed at fostering it not so much amongst the urban middle class as amongst the agriculturists of the villages. The co-operative movement must be seen, ^{in fact,} as one side of the British attempt to revive what they imagined to be the village community of the past. Charles Gonne in 1883 believed that it was possible to speak of 'traditions of village co-operation'. Frederick Nicholson claimed that co-operative societies 'not merely popularized but democratized credit.' Dupernex quoted Metcalfe on the 'little Republics' of the Delhi territory. Campbell, most emphatically, believed that he was 're-introducing the "Panch" system'. Ewbank enthused over 'the little leaders of the labouring classes', thrown up by 'the humble village panchayat', around which he could build a system of guaranteeing unions.

Now the village communities of the Delhi area may at one time have been 'little Republics'. But, as the Collector of Ahmadnagar pointed out in 1901 and Lalubhai Samaldas pointed out in 1902, conditions in the Deccan and in

Gujarat were vastly different from the conditions Dupernex knew or claimed to know. The fact that report after report coming from the Office of the Registrar of Co-operative Societies in Poona had to complain of societies which were anything but the body of intimates it had been hoped they would be, gives these early warnings some point.

But again we must beware of thinking that conditions in India, and in Bombay in particular, were unique. A perusal of some of the reports of the Registrar of Friendly Societies in Victorian England will soon convince one that they were not.¹ And difficulties very similar to those of Bombay have been experienced in other under-developed countries which have tried to copy the Indian experiment in co-operation. Very recently, a commentator on the African scene, Mrs. Elspeth Huxley - who is admittedly somewhat conservative in her judgments - has written: 'it is the policy of the Government [of Kenya] to foster co-operatives as training grounds of democracy: an honourable policy, but only a confirmed optimist would see much future for them, at least as maintainers of quality, were the ultimate direction of an outside authority removed.'² The early Bombay policy on co-operatives, too, was most definitely 'an honourable policy', but it was to a large extent an unworkable one.³

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1. See, e.g., the Reports of J.M. Ludlow, the 'Christian Socialist' Registrar of Friendly Societies in Great Britain from 1874 to 1891.
 2. Elspeth Huxley, A New Earth: An Experiment in Colonialism, London, 1960, p.135.
 3. Cf. the modern Indian attempt to foster democracy through a combination of 'panchayats' and co-operative societies.

Co-operation in the twenties was certainly democratic when it grew up virtually of its own accord, as in the case of the Surat cotton sale societies. But in most of the remainder of the Presidency it had to be realized that the co-operative movement could not be used to attain non-economic ends. Co-operatives had to be seen for what they were, business organizations, no less and no more. Once it had been admitted that in the interests of business efficiency some form of control had to come from outside the village co-operative, and once the claims of the Institute and the honorary organizers had been rejected, there was virtually no organization left to exercise the necessary control except the State.

The only potential non-official rival of the State was the Provincial Bank. But it showed few signs of wishing to exercise control over the movement. On the whole its directors, such as Chunilal Mehta and Lalubhai Samaldas, were too closely connected with Government, and too moderate in all their attitudes, to wish to make any sustained challenge. The Provincial Bank symbolized the genuine concern for the peasant's welfare of a group of wealthy but liberal-minded men of the City of Bombay. To some extent, of course, its success depended on the measure of philanthropy in their efforts. Its success also depended greatly on the ability and sheer integrity of Vaikunth Mehta, its Managing Director. When all is said it is clear that it was Vaikunth Mehta, and

not any single Registrar, who was the most important figure in the co-operative movement in Bombay during our period. Many of the virtues of the Provincial Bank's system, then, were perhaps not inherent in it. Even so, it does appear that in the twenties the Provincial Bank, with its efficient and well paid staff, with its branches in close contact with dependent societies and exercising strict control over them, and its system of maximum and normal credits, was genuinely proving its worth, particularly in those of the wealthier unirrigated districts which it financed. Above all, the working of the Provincial Bank was showing very clearly that the supply of credit was best linked to facilities for marketing and for the supply of agricultural requisites.

It might be said that in the twenties the activities of the Provincial Bank were becoming somewhat less 'co-operative' and increasingly like those of an 'agricultural bank'. Agricultural banks had generally been considered to be an alternative to co-operation. There appeared to be no place in a system of agricultural banks for local thrift and local management, in theory the two essentials of co-operation. Now local thrift and local management were not emphasized in the Provincial Bank's operations. But they by no means disappeared. A system which was half way between co-operation and agricultural banks was thus being evolved. The tensions which had for so long existed between the two forms of organization were apparently being resolved in practice.

The failure of the Egyptian Agricultural Bank did not in itself demonstrate the fundamental unsuitability of agricultural banks for the supply of rural credit, particularly long term credit, and credit of all types for extremely backward people. The Egyptian failure showed merely the absolute necessity of keeping lender and borrower in the closest possible relationship. Provided a well-managed bank was prepared to pay a large, qualified, and thoroughly honest staff to maintain this close relationship, the supply of credit through such an institution was - and is ¹ in certain circumstances perfectly feasible. Collins probably realized this when he called for the setting up of 'land banks' for the large cultivators in the ~~same~~ ^{canal} areas. But, as the high cost of ^{the} working ^{of} the Provincial Bank showed (and that Bank did not in theory reach down as far as the individual cultivator) the maintenance of such a staff was at times hardly an economic proposition. It could rarely be an economic proposition in the field of short term credit if there were not some voluntary activity at local level. It is for this reason that, if careful calculations had been made, it might have been found that under some conditions co-operatives were more economic than agricultural banks.

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1. See B.O.Binns, Agricultural Economy in Burma (1948) especially Appx.B, Extract from a memorandum by Mr. L. Dawson, of the pre-war Dawson's Bank in Burma; see also Binns, Agricultural Credit for Small Farmers (1952) *passim*.

But it is doubtful whether either co-operatives or agricultural banks could have made a genuine success of agricultural finance in the conditions of the Deccan of the first thirty years of this century. The fundamental fact about the Deccan is the extreme unreliability of its rainfall. This basic uncertainty gives rise to the attitude towards borrowed money which Collins called 'irresponsible', but which the more charitable Campbell found to be to a large extent merely part of the accepted way of things for centuries. For centuries both debtor and creditor had worked on the principle 'that the debtor will get as much and repay as little as possible.' This attitude was carried over into co-operative societies, ~~in unirrigated areas~~. It could be eradicated in the canal areas only by years of co-operative and agricultural education, and, not least, by continued prosperity. In the unirrigated areas such an attitude will possibly never be eradicated. As Rothfeld and Mann insisted, co-operation on its own will never cure the Deccan of its troubles. They need to be tackled from many sides. Consolidation of holdings and perhaps some form of joint ownership of land may play their part. The construction of more minor irrigation works and simple wells may help. But it will probably be found, as Rothfeld believed it would be, that one of the chief elements of a solution will be industrialization in the towns, and the consequent abandonment of farming as an occupation by a large proportion of the inhabitants of the Deccan.

B I B L I O G R A P H Y

[Abbreviations used in footnotes are placed in square brackets.]

I. MANUSCRIPT SOURCES

A. At the Office of the Registrar of Co-operative Societies, Bombay State, Poona. [Poona.]

A word is necessary on the material kept here. All papers in the Co-operative Department in Bombay are given a classification 'A', 'B', 'C' or 'D'. 'A' class papers are permanently preserved. 'B' indicates that the papers should be preserved for thirty years, 'C' class papers are kept for five years and 'D' class papers are normally destroyed after a year. Policy papers which, before World War II, usually reached the 'Proceedings' of Government, are normally classed as 'A'. I have not had access to the Proceedings, though I have seen in Poona loose printed copies of most of the non-confidential Resolutions and Orders of Government on co-operative matters for my period, together with their enclosures. From a departmental point of view some systematic destruction of the exceptionally bulky records on each of the several thousand societies in Bombay is undoubtedly necessary. But from the historian's point of view it is often just those papers which have been destroyed - audit memoranda, for instance - which would have been of most interest to him. Fortunately, the 'A-B-C-D system' does not seem to have come fully into operation until about 1920 - the time of Rothfeld's streamlining activities. Fortunately, too, the Co-operative Department has for some years been blessed with Record Keepers who have realized the value of some of the earliest documents in their possession. So the period prior to 1920 is better represented in the surviving records than the following decade.

Only the more important files consulted are listed here. A brief explanation is given of their contents.

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A B B R E V I A T I O N S

The following abbreviations have been used in the footnotes; on the whole they are the same as those used in Bombay Government correspondence. Abbreviations used when referring to files etc., and to records offices, are given in the Bibliography.

Admin.	Administration
Ag.	Acting.
Agric.	Agriculture.
Asst.	Assistant
Bom.	Bombay.
C.D.	Central Division.
Ch. Sec.	Chief Secretary.
Collr.	Collector.
Confl.	Confidential.
Co-op.	Co-operative.
Cttee.	Committee.
D.A.	Director of Agriculture.
Dep.	Deputy.
Dept.	Department.
D/O	Demi-official.
encl.	enclosed.
G. of B.	Government of Bombay.
G. of I.	Government of India.
Govr.	Governor
Govt.	Government.
G.R.	Government Resolution.
Jt.	Joint.
L. Rev.	Land Revenue.
N.D.	Northern Division.
Offg.	Officiating.
R. & A. Dept.	Revenue and Agriculture Department (Government of India).
R.D.	Revenue Department.
Regr.	Registrar.
Rept.	Report.
Rev.	Revenue.
S.D.	Southern Division.
Sec.	Secretary.
U. Sec.	Under Secretary.

G L O S S A R Y

<u>Ashram.</u>	A spiritual community made up of a teacher and his disciples.
<u>Bajri.</u>	A small millet.
<u>Bania.</u>	A Hindu trader who is generally also a money lender.
<u>Bhatia.</u>	Caste of Cutch and Sind, now largely a trading community.
<u>Bhil.</u>	An aboriginal tribe.
<u>Bhangi.</u>	A sweeper.
<u>Charka.</u>	A small spinning wheel.
<u>Charotar.</u>	The name of a tract in Gujarat.
<u>Charpai.</u>	A wooden bedstead covered with netted string or webbing.
<u>Chawl.</u>	A tenement.
<u>Chora(chavdi).</u>	A building to accommodate travellers.
<u>Crore.</u>	Ten millions.
<u>Darkhast.</u>	A petition, representation.
<u>Dasturi.</u>	A perquisite.
<u>Dewan.</u>	Chief Officer.
<u>Dharna.</u>	Sitting or fasting at the door of a house to compel payment of a debt.
<u>Dhoti.</u>	A loin cloth worn by men.
<u>Gul(gur).</u>	Unrefined sugar, jaggery.
<u>Hundi.</u>	A bill of exchange; a written order made by one person on another for payment on demand or after a specified time of a specified sum of money to a person named therein.
<u>Inam.</u>	Rent-free land.
<u>Inamdar.</u>	A holder of wholly or partly rent-free land.

<u>Jaggery.</u>	Gul.
<u>Jaghir.</u>	(The assignment of the revenues of) an estate.
<u>Jaghirdar.</u>	A holder of a jaghir.
<u>Jowari.</u>	A millet.
<u>Karbhari.</u>	A tax collector.
<u>Khadi.</u>	Hand-woven cloth.
<u>Khatedar.</u>	An occupant.
<u>Koli.</u>	The name of a wild tribe, some of whom, in Gujarat, have settled on the plains and become cultivators.
<u>Kulkarni.</u>	A hereditary village accountant.
<u>Kunbi.</u>	A cultivator.
<u>Lakh.</u>	One hundred thousand.
<u>Lingayat.</u>	Sect prominent in the Karnatak, worshipping Siva in his phallic (lingam) form, and dating back to a reform movement of the twelfth century.
<u>Mahajan.</u>	A merchant.
<u>Mahalkari.</u>	In certain areas, (e.g. Panch Mahals), one with the police authority of a Mamlatdar.
<u>Mamlatdar.</u>	Revenue officer in charge of the subdivision of a district called a taluka, normally 100 to 200 villages.
<u>Mandal.</u>	An association.
<u>Maratha.</u>	Large cultivating and warrior caste of the Deccan.
<u>Marwari.</u>	A person from Marwar; a money-lender.
<u>Mirasdar.</u>	The holder of rent-free land.
<u>Mofussil.</u>	The country as opposed to the town.
<u>Panch, panchayat.</u>	Literally a committee of five; used to describe an association of any number of persons, instituted for objects of an administrative or judicial nature.

Patel (patil). Village headman.

Pathan. A member of the most important Muslim tribe of the North-West Frontier.

Patidar. A cultivating caste in Gujarat. (Literally a hereditary cultivator.)

Pattewala. Peon, (messenger with a badge or belt.)

Peon. From Portuguese peão; (mod.) messenger.

Ryot (rayat). A cultivator, a peasant proprietor.

Ryotwari. Revenue settlement between Government and peasant without intermediaries.

Sabha. An assembly.

Saraswat. A sub-caste of Brahmans.

Sardar. A man of consequence; a title given to such a person by Government.

Saukar (savkar, sowcar, sowkar). A money-lender.

Seva. Service.

Shimpi. A tailor.

Shroff. A moneylender.

Sonar. A goldsmith.

Swadeshi. Indigenous, made in the country.

Swaraj. Self rule.

Takkavi (tagai, taccavi, takavi). An advance of money from Government to an agriculturist for purposes of cultivation.

Talati. A village accountant.

Taluka. A local revenue division of a district.

Tamasha. An entertainment, a festivity.

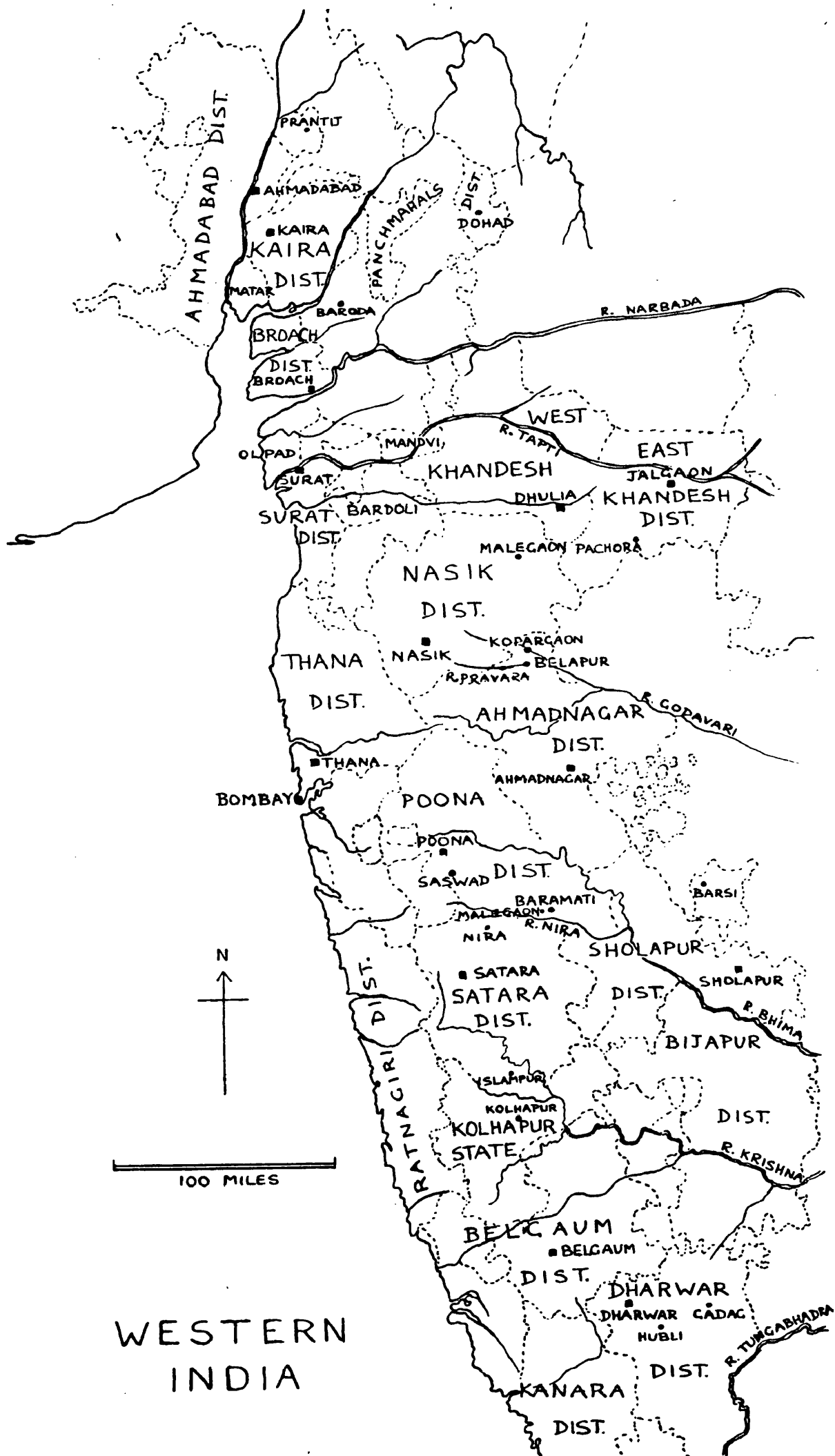
Vaisya. The third caste of Hindus whose means of subsistence, according to Manu, were agriculture, trade and the keeping of cattle.

Vakil. A pleader.

Wada. An area in a village normally inhabited by one particular caste.

Watan. A service inam.

Watandar. A holder of watan land.



WESTERN
INDIA